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# INTEGRATED TRANSMISSION AGREEMENT BETWEEN COOPERATIVE POWER ASSOCIATION AND OTTER TAIL POWER COMPANY

THIS AGREEMENT, made this 25th day of August, 1967, between the Cooperative Power Association, a Minnesota corporation (hereinafter called "CPA"), and Otter Tail Power Company, a Minnesota corporation (hereinafter called "Otter Tail"), such Parties being hereinafter referred to individually as "Party" or collectively as "Parties",

WITNESSETH:

0.01 WHEREAS CPA is an association of rural electric cooperative associations and is empowered to engage in the business of generating, transmitting, and distributing electric power and energy to its member rural electric cooperative associations in the State of Minnesota; and

0.02 WHEREAS Otter Tail is engaged in the business of generating, transmitting, and distributing electric power and energy in the State of Minnesota; and

0.03 WHEREAS Otter Tail, CPA and other electric suppliers are parties to the Upper Mississippi Valley Power Pool Agreement, dated February 10, 1961, and amendments thereto (such Agreement, as heretofore and hereafter amended, being hereinafter called the "Pool Agreement"); and

0.04 WHEREAS the rural electric cooperative associations (hereinafter called the "Member Cooperatives") listed in the schedule marked "Exhibit A", attached hereto and made a part hereof, are presently members of CPA and are now being supplied electric power and energy by CPA within the geographi-

cal area (hereinafter called the "Operating Area") shown on the maps marked "Exhibit B", attached hereto and made a part hereof, from the transmission system of Otter Tail; and

0.05 WHEREAS the Parties desire to develop and utilize an integrated transmission system (hereinafter called "Integrated Transmission System"), to supply electric power and energy within the Operating Area; and

0.06 WHEREAS CPA may also supply electric power and energy to additional rural electric cooperative associations which may become members of CPA and the Parties intend, where practicable, to extend the Operating Area and the Integrated Transmission System, and thereby to effect the maximum utilization of facilities appropriate to inclusion therein to supply electric power and energy to said additional cooperative associations, provided that Otter Tail has transmission lines in the service area of said associations. Exhibit A shall be amended to include such additional cooperative associations as Member Cooperatives, and the Operating Area and Integrated Transmission System shall be extended to include the area common to the Parties. Other rural electric cooperative associations which become members of CPA, but which do not operate in areas common to the Parties, may obtain the benefits of this Agreement and be added to Exhibit A as Member Cooperatives by mutual agreement of the Parties pursuant to such terms and conditions as may be agreed upon; and

0.07 WHEREAS additions to the Integrated Transmission System as required will be made by the Parties with the intent that each Party will ultimately own facilities proportionate to its use of such system; and

0.08 WHEREAS CPA is entering into agreements similar to this Agreement with Minnesota Power & Light Company and Northern States Power Company, providing for the development and use of an integrated transmission system with

each of the aforesaid companies for the purpose of delivering electric power and energy to each of its member rural electric cooperatives; and

0.09 WHEREAS in addition to the separate agreements mentioned in Section 0.08 all of the same parties have entered into additional agreements to provide means of transmitting power to the points of input provided in each of these Integrated Transmission Agreements; and

0.10 WHEREAS CPA has entered into an agreement with each of the Member Cooperatives which incorporates such provisions as are necessary for CPA to fulfill its obligations under this Agreement;

NOW, THEREFORE, the Parties agree as follows:

## ARTICLE I

## INTEGRATED TRANSMISSION SYSTEM

1.01 *Purpose* An Integrated Transmission System is hereby established consisting of a bulk transmission system and a subtransmission system for the purpose of supplying the power and energy requirements of the Parties within the Operating Area in order to obtain the benefits of a coordinated development of such system and to make it unnecessary for either Party to construct duplicating facilities; provided, however, that the Integrated Transmission System shall be available to CPA for supplying electric power and energy to additional rural electric cooperative associations (within or without the Operating Area) that become Member Cooperatives and are added to Exhibit A pursuant to the provision of Section 0.06 hereof and any loads imposed upon the Integrated Transmission System by CPA for serving any such additional cooperative associations shall constitute a portion of the load of CPA within the Operating Area. For such purposes, each Party shall coordinate its planning for construction of additional transmission facilities within the Operating Area with the

other Party and shall utilize, so far as practicable, the Integrated Transmission System to deliver its power and energy requirements within the Operating Area.

1.02 *Bulk Transmission System* The Bulk Transmission System, set forth on the map marked "Exhibit C", attached hereto and made a part hereof, shall be composed of transmission lines of not less than 115,000 volts and the associated substation and other facilities, which are determined to be beneficial to the Parties. Additional transmission facilities may be added to the Bulk Transmission System by written agreement of the Parties and Exhibit C hereof shall be deemed to be amended to show all such additions. Each Party shall have the right of connection to, and use of, the subtransmission bus at all bulk transmission substations included in the Integrated Transmission System and such connections shall be recognized as a Point of Delivery under Section 1.05 hereof, provided that such connections shall be constructed in accordance with the provisions of Section 1.07 hereof.

1.03 *Subtransmission System.* The Subtransmission System, as set forth on the map marked "Exhibit D", attached hereto and made a part hereof, shall be composed of the transmission lines with voltages between 41,600 and 69,000 volts inclusive and the associated substation and other facilities which are determined to be beneficial to the Parties. Additional transmission and other facilities may be added to the Subtransmission System by written agreement of the Parties and Exhibit D hereof shall be deemed to be amended to show all such additions.

1.04 *Points of Input* The Points of Input of power and energy by CPA and by Otter Tail to the Integrated Transmission System are listed in the schedule marked "Exhibit E", attached hereto and made a part hereof.

1.05 *Points of Delivery* The locations where power and energy are delivered from the Integrated Transmission System to either Party shall hereinafter be called "Points of Delivery". The Points of Delivery to one Party from the lines or substations of the other Party in the Integrated Transmission System are shown on Exhibit D.

1.06 *CPA's Facilities* The facilities of CPA which are a part of the Integrated Transmission System, and the construction cost associated with such facilities, are specified in the schedule marked "Exhibit F", attached hereto and made a part hereof. It is further agreed that Exhibit F shall be amended from time to time to list all additional facilities furnished by CPA, together with their associated cost, as provided in Sections 2.08 b-6 and 2.08 b-7 hereof, as a part of the Integrated Transmission System hereunder. The facilities proposed to be furnished by CPA as necessary to reach the Date of Equalization, as defined in Section 2.02 hereof, are specified in the schedule marked "Exhibit G", attached hereto and made a part hereof. The facilities proposed to be furnished by CPA as listed in Exhibit G are the result of a carefully formulated plan of system development; however, it is recognized that future variations in planning parameters as to either Party may necessitate changes in Exhibit G. In that event, Exhibit G shall be amended to incorporate such changes.

1.07 *Construction of Facilities* The transmission facilities constructed by Otter Tail and CPA, which are to become a part of the Integrated Transmission System, shall be constructed in accordance with sound engineering practices, as agreed upon by the Parties, and shall provide operating characteristics at least equal to existing associated facilities.

1.08 *Deliveries to Points of Input* Arrangements for making electric power and energy available to the Points of Input

to the Integrated Transmission System will be made as provided in the "General Coordinating Agreement" between Otter Tail, Northern States Power Company, Minnesota Power & Light Company, and CPA, dated August 25, 1967. In accordance with the General Coordinating Agreement, the "Outlet Facilities Agreement - No. 1" between Otter Tail, Northern States Power Company, Minnesota Power & Light Company, and CPA, dated August 25, 1967, and the "Outlet Facilities Agreement - No. 2" between Otter Tail, Northern States Power Company, Northern States Power Company-Wisconsin, Minnesota Power & Light Company, and CPA, dated August 25, 1967, provide for the initial arrangements by which CPA makes power and energy available to the Points of Input.

## ARTICLE II
## OPERATION

2.01 *Use* The Parties shall utilize so far as practicable the Integrated Transmission System to transmit power and energy supplied from their generating plants and to transmit power and energy purchased from other electric suppliers under contracts therefor.

2.02 *Deliveries Prior to Date of Equalization* Until the Date of Equalization shall be reached (the final date of the annual period commencing with the May billing period in which the net transmission service payments for the annual period shall be zero dollars for the first time is herein called the "Date of Equalization"), CPA will supply its requirements of firm power and energy within the Operating Area through purchases which are accepted as Accredited Capability under the Pool Agreement or from generating capacity installed or otherwise acquired under the terms of the Pool Agreement. The firm Class I and Class II power purchased by CPA from the United States Bureau of Reclamation (hereinafter called

the "Bureau") and transmitted over the Integrated Transmission System for CPA shall be delivered only to loads within the area described in Paragraph 26, Contract No. 179r-1592, Supplement 2, dated June 14, 1955, between Otter Tail and the United States of America, as supplemented or amended. The provisions of this Section 2.02 shall cease to remain in effect after the Date of Equalization shall have been reached.

2.03 *Associated System Facilities* Each of the Parties will provide in its system the facilities necessary for such telemetering, load control, communications, and relay protection as are necessary for the proper operation of the Integrated Transmission System. CPA assumes the responsibility at each of the Points of Delivery to CPA for maintaining the transmission lines which are necessary to connect the Points of Delivery to CPA to the Member Cooperatives' substations, for maintaining such substations, and for providing and maintaining the switching and protective equipment necessary to protect the systems of Otter Tail, CPA, and the Member Cooperatives. Such substations, transmission lines, switching, and protective equipment shall be of adequate capacity to permit delivery of the electric service contemplated hereunder and shall be constructed and maintained in accordance with sound engineering practices.

2.04 *Scheduling* Each Party shall have the responsibility for scheduling its power and energy requirements within the Operating Area. Until such time as CPA has a staff sufficient to handle the aforesaid responsibility, Otter Tail shall schedule CPA's requirements for power and energy and establish procedures and consideration therefor satisfactory to both Parties.

2.05 *Operation and Maintenance* Each Party shall own the equipment and facilities provided by it and shall assume

full responsibility for the proper operation and maintenance thereof at all times. Unless occasioned by the negligent act of the other Party, the cost of maintenance, including the replacement of equipment and facilities, shall be borne by the Party providing such equipment and facilities. It is recognized that in the operation and maintenance of an integrated system certain operating functions, such as dispatching and scheduling and certain maintenance functions, may be assigned to a given Party. In such instances, the Parties will agree in advance as to which Party shall assume the responsibility and the consideration therefor. In the event that the owning Party requests the other Party to perform maintenance work or, in the event of an emergency requiring repair or replacement, the other Party may perform the necessary maintenance work on the owning Party's facilities, and within 15 days of the billing therefor, the owning Party shall reimburse the other Party for the costs thereof.

2.06 *Requirements* The power and energy requirements of the Parties at their respective Points of Delivery will be delivered from the Integrated Transmission System and, concurrently therewith, each Party shall make available at one or more of the Points of Input an amount of power and energy equal to the amount to be delivered at its Points of Delivery plus an adjustment for losses in transmission equal to the actual transmission losses of the Integrated Transmission System, as determined by the Coordinating Committee established pursuant to Section 2.08 hereof. Said adjustment for losses shall initially be 7%, applied to energy only.

2.07 *Adjustments for Losses Between the Points of Metering and the Points of Delivery* In the event that the meters measuring deliveries hereunder are located on the step-down side of any transforming equipment, the registrations of all

such meters registering demand and energy shall be increased by 2% to cover transformation losses.

2.08 *Coordinating Committee* The activities of the Parties pursuant to this Agreement shall be coordinated under the direction of a Coordinating Committee (hereinafter called the "Committee").

a. *Membership* Each Party shall appoint an authorized representative to the Committee and shall designate an alternate who may act in the absence of such representative. Agreement by the representatives of the Parties on any matter shall constitute a decision of the Committee with respect thereto. Each representative shall have the option of inviting other members of his organization, or others as his advisors, to attend meetings of the Committee.

b. *Responsibilities* The responsibilities of the Committee shall include the following:

b-1. Establish the basic principles and policies, consistent with the provisions hereof, governing the coordination of the activities of the Parties pursuant to this Integrated Transmission Agreement.

b-2. Hold an annual meeting between the winter peak load period and May 1. Other meetings may be held upon call of either member of the Committee.

b-3. Determine CPA Estimated Annual System Demand. It is the intent that CPA shall assume the responsibility for the detrimental effects resulting from a decline in the electrical loads of CPA within the Operating Area, and such intent shall be considered in the determination of CPA Estimated Annual System Demand. The determination of CPA Estimated Annual System Demand shall be made at the annual meeting and shall be submitted to the management of each Party for approval.

b-4. Review the load forecasts of the Parties within the Operating Area and collect other statistical data and information which will be of assistance to the Parties.

b-5. Annually prepare a four-year plan of tentative system additions by each Party to the Integrated Transmission System. Such plan shall provide for the load requirements of the Parties within the Operating Area. The provisions of said four-year plan shall not become binding upon the Parties until incorporated into the annual construction program provided for in Section 2.08 b-6 hereof, which is to be approved by the management of each Party.

b-6. Determine annually the construction program for Otter Tail and CPA necessary to meet the load requirements of the Parties within the Operating Area and also determine which facilities are to be included in the Integrated Transmission System. Such determinations shall be made at the annual meeting and shall be submitted to the management of each Party for approval.

b-7. Establish the construction cost of facilities furnished by CPA which are to be included in Exhibit F hereof. Such construction costs shall include reasonable overheads, administrative expenses and general expenses associated with the construction of facilities. The original cost shall be used as the construction cost of previously constructed facilities which are added to Exhibit F or Exhibit G after the effective date of this Agreement.

b-8. Make such arrangements as may be required pertaining to matters which are pertinent to this Agreement, but which are not specifically covered herein.

b-9. Furnish the management of the Parties with the minutes of the meetings within ten working days.

2.09 *CPA Monthly System Demand*

a. The CPA Monthly System Demand shall be the sum of

the highest non-coincidental 60-minute integrated demands in kilowatts at each of the Points of Delivery to CPA during the billing month adjusted for losses between the points of metering and the Points of Delivery to CPA as follows: Where the meters measuring such demands are located on the step-down side of transformation facilities, the measured demands shall be multiplied by a transformation loss factor of 1.02.

b. For the purposes of this Agreement, the following conversion factors shall be applied to demand recordings to convert them to 60-minute integrated demand:

(1) 15-minute integrated demand recordings shall be divided by a factor of 1.03.

(2) 30-minute integrated demand recordings shall be divided by a factor of 1.015.

(3) 60-minute integrated or thermal demand recordings do not require application of a conversion factor.

## ARTICLE III

## TRANSMISSION SERVICE PAYMENTS AND CREDITS PRIOR TO DATE OF EQUALIZATION

3.01 *Rate for Transmission Service* CPA shall pay Otter Tail monthly for transmission service furnished from the Integrated Transmission System in the previous month at the following rate:

2.5 mills per kilowatt-hour for all energy delivered to CPA at the Points of Delivery to CPA.

3.02 *Transmission Service Credit* In consideration of Otter Tail's use of CPA's transmission facilities designated in Exhibit F, Otter Tail shall apply to the monthly bill determined under Section 3.01 the following Transmission Service Credit:

Transmission Service Credit = AB

Where

A = CPA Total Construction Cost as shown in Exhibit F

$B = 0.01083$

When CPA installs additional facilities, the Transmission Service Credit shall be adjusted effective as of the first complete billing period following the in-service date scheduled for such facilities, or if construction is delayed beyond such date, as of the first complete billing period after the facilities are placed in service; provided, that the credit for the annual period commencing with the May billing period shall not exceed the payment determined under Section 3.01 for such annual period.

3.03 *Date of Equalization* The final date of the annual period commencing with the May billing period in which the net transmission service payments for the annual period shall be zero dollars for the first time is herein called the "Date of Equalization".

3.04 *Right to Construct Prior to Date of Equalization* In the event that the Transmission Service Credit to which CPA may become entitled under Section 3.02 hereof shall be insufficient to cause the Date of Equalization to be reached on account of the insufficiency of all the facilities specified in Exhibit G hereof, if constructed, or on account of the deferral or cancellation of plans to construct facilities specified in Exhibit G hereof, CPA shall then have the first right to provide additional or alternate facilities which are determined in accordance with Section 2.08 to be necessary for the Integrated Transmission System until the Date of Equalization shall have been reached.

3.05 *Discontinuance of Sections of Article III* The provisions of Article III shall become inoperative on the Date of Equalization.

## ARTICLE IV
## USE OF INTEGRATED TRANSMISSION SYSTEM AFTER DATE OF EQUALIZATION

4.01 *Compensation* Except as otherwise provided in this Article IV, neither Party shall pay any compensation to the

other Party for the use of the Integrated Transmission System after the Date of Equalization.

4.02 *Future System Additions* It is the intent of the Parties that, commencing on the Date of Equalization, the Parties shall, pursuant to the planning provided for under Section 2.08 b-6, provide facilities which, when included as part of the Integrated Transmission System, will result in maintaining an equitable balance between utilization of the Integrated Transmission System and facilities provided in the Integrated Transmission System. Said "Equitable Balance" shall be deemed to exist when the ratio of the investment in additional transmission facilities in the Integrated Transmission System made after the Date of Equalization by each Party to the total investment in additional transmission facilities in the Integrated Transmission System made by both Parties is the same as the ratio of each Party's additional transmission requirement imposed on the Integrated Transmission System to the additional transmission requirement imposed on the Integrated Transmission System by both Parties. The additional transmission requirement imposed on the Integrated Transmission System shall be determined by the Committee, giving consideration to factors such as additional load imposed at the Points of Delivery, transmission distances to Points of Delivery, voltage, transformations, local generation and other appropriate criteria. Said Equitable Balance and re-establishment of an equitable balance shall be determined by the Committee. If the Committee fails to make such determination, the Party complaining of a deficiency of facilities by the other Party may initiate arbitration under Section 6.01-a.

4.03 *Additional Facilities Providing Benefit Outside the Operating Area* In the event either Party shall build transmission facilities after the Date of Equalization which provide

benefit in serving the load requirements of the Parties both within and without the Operating Area, the Parties shall jointly determine the ratio of benefit which such facilities will provide to the Integrated Transmission System. Such ratio may be changed from time to time by agreement of the Parties.

4.04 *Failure of Either Party to Maintain Equitable Balance* In the event that either Party, after the Date of Equalization, shall fail to construct or provide any additional facility determined to be necessary either by the Committee or an award after arbitration in accordance with the provisions of Section 4.02 hereof, the other Party shall have the right, upon giving 90 days written notice to the deficient Party, to construct or provide such facility. If such facility is constructed or provided by such other Party, it shall be entitled to receive monthly payments from the deficient Party at an annual rate of 13% of the plant investment of such facility during the period commencing with the in-service date of such facility and ending when the deficient Party shall have achieved an equitable balance between utilization of the Integrated Transmission System and facilities provided in the Integrated Transmission System; provided, however, that if the deficient Party shall construct or furnish other facilities upon approval of the Committee which reduce the amount by which said Party is deficient then the Party entitled to payment hereunder shall only be entitled annually to 13% of the amount of the remaining deficiency. The amount of the deficiency shall be determined annually and payment adjusted by the Committee at the annual meeting of the Committee provided for in Section 2.08 b-2.

## ARTICLE V
## METERING

5.01 *Metering at the Points of Input* The transfer of power and energy at the Points of Input shall be determined by such meter registrations or other methods as the Committee shall deem to be necessary.

5.02 *Metering at the Points of Delivery to CPA* The transfer of power and energy at the Points of Delivery to CPA shall be measured by metering equipment, furnished by CPA, which meets the requirements of both Parties.

5.03 *Meter Readings* Each Party will read its aforesaid meters monthly at times agreed upon and provide the other Party with such meter readings and data as are necessary for the purposes of this Agreement or as may be required by the Committee. Metering records shall be available at all times to authorized agents and employees of the Parties for the purposes of this Agreement.

5.04 *Meter Tests* Each meter used hereunder shall, by comparison with accurate standards, be tested and calibrated by the Party owning the meter at approximate intervals of 12 months. If a meter shall be found inaccurate, it shall be restored to an accurate condition or an accurate meter shall be substituted.

5.05 *Meter Accuracy* The Parties shall have the right to request that a special test of metering equipment be made at any time. If any test, made at a Party's request, discloses that the metering equipment tested is registering within 2% of normal, the Party requesting the test shall bear the expense thereof. The expenses of all other tests shall be borne by the Party owning the meter.

5.06 *Meter Adjustments* The results of all such tests and calibrations shall be open to examination by the Parties and a

report of every test shall be furnished immediately to the other Party. Any meter tested and found to be not more than 2% above or below normal shall be considered to be accurate. If, as a result of any test, any meter is found to register in excess of 2% either above or below normal, the readings of such meter previously taken shall be corrected according to the percentage of inaccuracy so found, but no such correction shall extend beyond 60 days previous to the day on which inaccuracy is discovered by such test. If any metering equipment fails to register or if the meter registration is erratic, the power and energy delivered shall be determined from the best information available.

## ARTICLE VI
## GENERAL

6.01 *Arbitration*

a. Any controversy, claim, counter-claim, dispute, difference, or misunderstanding arising out of or relating to this Agreement, or the breach thereof, excluding contribution, indemnification, or damages based on tortious conduct, shall be settled by arbitration before an arbitrator selected by the American Arbitration Association. The Party desiring arbitration shall demand such arbitration by giving written notice to the other Party setting forth the point or points in dispute. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, subject further to the qualification that the arbitrator named under said rules shall be competent by virtue of education and experience in the particular matter subject to arbitration. The decision of the arbitrator on any issue properly before him in accordance with the provisions of this Agreement shall be final and binding upon the Parties hereto subject to the provisions of the Minnesota Uniform

Arbitration Act, Minnesota Statutes 572.08-572.30. The arbitrator shall have jurisdiction and authority only to interpret, apply, or determine compliance with the provisions of this Agreement insofar as shall be necessary to the determination of issues properly appealed to the arbitrator. The arbitrator shall not have jurisdiction or authority to add to, detract from, or alter in any way the provisions of this Agreement. This provision shall survive the termination of this Agreement.

b. This arbitration provision shall not apply to any matter which the Agreement reserves for agreement by the Parties, except as provided in Section 4.02, or to Section 2.08-b, except subsection 7 thereof.

c. Costs incurred in connection with the arbitration shall be paid in equal parts by the Parties unless the award shall specify a different division of costs.

6.02 *Continuity of Service* The delivery of electric power hereunder shall be continuous except for the following:

a. Interruptions or reductions due to uncontrollable forces which, by exercise of due diligence and foresight, could not reasonably have been avoided. The term "uncontrollable force" shall be deemed to mean any cause beyond the control of the Party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority. The Party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

b. Interruptions or reductions due to operation of devices installed for power system protection.

c. Temporary interruptions or reductions which are necessary or desirable for the purposes of maintenance, repairs,

replacements, installation of equipment, or investigation and inspection. Each Party will give the other Party reasonable advance notice of such interruptions or reductions, except in case of emergency as determined by the Party creating the interruption or reduction, and will remove the cause thereof with all reasonable dispatch.

6.03 *Power Factor* Each Party shall maintain a power factor of not less than 90% leading or lagging at each of its Points of Delivery; however, the power factor correction equipment for two or more Points of Delivery, each with less than 1,000 kilowatts, may be centrally located subject to approval by the Committee.

6.04 *Use of Service* Except with the written consent of the other Party, neither Party shall, directly or indirectly, sell the electric power transmitted over the Integrated Transmission System to any wholesale or retail consumers served by the other Party (including in the case of CPA its Member Cooperatives) on or after January 13, 1966, and such service is still available. This provision shall not be construed to prevent CPA from accepting additional rural electric cooperatives into membership, and supplying electric power and energy to such cooperatives. Nothing herein contained shall entitle CPA or the Member Cooperatives to use, without the consent of Otter Tail, any facility of the Integrated Transmission System which is owned by Otter Tail, to transmit or deliver power to any wholesale or retail consumer served by Otter Tail on or after January 13, 1966, and such service is still available; or entitle Otter Tail to use, without the consent of CPA, any facility of the Integrated Transmission System which is owned by CPA, to transmit or deliver power to any wholesale or retail consumer served by CPA or a Member Cooperative on or after January 13, 1966 and such service is still available. A Member Cooperative serving a consumer may

give the written consent contemplated herein to be given by CPA. The terms of this Section shall be part of an agreement between CPA and each of its Member Cooperatives.

6.05 *Authority of CPA* CPA hereby asserts and warrants that it has full power and authority to represent the Member Cooperatives and to bind the Member Cooperatives by the conditions of this Agreement, and shall furnish Otter Tail with certified copies of the resolution of the Board of Directors of the Member Cooperatives confirming this understanding. Any cooperative association that becomes a member of CPA in order to be added to Exhibit A of this Agreement or obtain benefits hereunder, must agree in writing to abide by the terms of this Agreement.

6.06 *Liability* Each Party is responsible for the maintenance of its own equipment used in the performance of this Agreement and neither Party shall be responsible to the other for damage to or loss of property, wherever located, unless such damage or loss is occasioned by its own negligence or by the negligence of its employees or agents.

6.07 *Delays* Neither Party shall be liable for delays not reasonably within its control, including delays caused by inability to secure or replace materials or supplies necessary to perform the work contemplated herein, nor shall any such delay be deemed a breach of any obligation under this Agreement.

6.08 *Waivers* No delay by a Party in enforcing any of its rights hereunder shall be deemed a waiver of any of its rights; nor shall a waiver by either Party of the other Party's defaults be deemed a waiver of any other or subsequent defaults.

6.09 *Right of Access* Each of the Parties will give authorized agents and employees of the other Party the right to enter its premises at all reasonable times for the purpose of reading or checking meters, for constructing, testing, repairing,

renewing, exchanging or removing any or all of its equipment which may be located on the property of the other Party or performing any work incident to rendering service under this Agreement.

6.10 *Notices* Any notices, demands, or requests required or authorized by this Agreement shall be deemed properly given if mailed, postage prepaid, to the President, Otter Tail Power Company, Fergus Falls, Minnesota; and to the General Manager, Cooperative Power Association, Minneapolis, Minnesota. The designation of the persons to be notified or the address of such person may be changed at any time by similar notice.

6.11 *Successors and Assigns* This Agreement shall be binding upon and inure to the benefit of the Parties, their successors and assigns, on and after the effective date hereof.

6.12 *Interpretation* This Agreement shall not be interpreted to limit the right of either Party to construct, acquire, or own facilities it deems necessary, but such facilities shall not be a part of the Integrated Transmission System unless incorporated therein as provided in this Agreement.

6.13 *Limitations* This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any person, corporation, association, or entity other than the Parties to this Agreement, and the obligations herein assumed are solely for the use and benefit of the Parties to this Agreement.

6.14 *Term of Contract* This Agreement shall become effective on the 20th day of the second month following approval by the Administrator of the Rural Electrification Administration and shall remain in effect for a period of 40 years; and, if not then terminated by five years' prior written notice given by either Party to the other, shall continue in full force and

effect until so terminated. The effective date as above established shall be inserted herein.

Effective date: The 20th day of November, 1967.

6.15 *Regulation* This Agreement, as well as any Amendment thereof, is subject to the regulation of any regulatory body having jurisdiction thereof.

6.16 *Administrative Approval* Unless this Agreement is approved by the Administrator of the Rural Electrification Administration within 180 days after the date first above written, this Agreement shall be of no force and effect.

6.17 *Termination of Existing Agreements*

a. The following existing agreements between the Parties are terminated on the effective date of this Integrated Transmission Agreement:

1. Transmission Service Contract, dated November 14, 1957,
2. Letter Agreement, dated October 28, 1963,
3. Transmission Service Contract No. 1, dated November 23, 1966;

and it is mutually agreed that on the effective date hereof this Agreement terminates any and all prior agreements and any understandings, liabilities, and undertakings of either Party unto the other arising therefrom except as to any unpaid bills owing by one Party to the other Party and any agreements executed under the Service Schedules of the Pool Agreement.

b. The Transmission Service Agreement between Agralite Cooperative and Otter Tail dated December 3, 1964, is terminated on the effective date of this Integrated Transmission Agreement.

c. The Transmission Service Agreement between Runestone Electric Association and Otter Tail dated November 2, 1965, is amended by the cancellation of Article I, Section E on

the effective date of this Integrated Transmission Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and attested by their duly authorized officers as of the day and year first above written.

COOPERATIVE POWER ASSOCIATION
A Minnesota Corporation
ELMER SIMON

Attest:
Hugo C. Parson
Secretary

OTTER TAIL POWER COMPANY
A Minnesota Corporation
WARREN NYE, Vice-President

John M. West
Secretary

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## LIST OF EXHIBITS

| *Exhibit* | *Subject* | *Contract Ref.* |
|---|---|---|
| Exhibit A | List of Member Cooperatives Served | 0.04 |
| *Exhibit B | Operating Area | 0.04 |
| **Exhibit C | Facilities Comprising the Bulk Transmission System | 1.02 |
| **Exhibit D | Facilities Comprising the Sub-transmission System | 1.03 |
| Exhibit E | Points of Input to the Integrated Transmission System | 1.04<br>1.05 |
| Exhibit F | CPA Facilities and Construction Costs | 1.06 |
| Exhibit G | Facilities to be furnished by CPA | 1.06 |

* – Three sheets

** – Exhibits C & D are one sheet

## EXHIBIT A
## INTEGRATED TRANSMISSION AGREEMENT
## BETWEEN
## COOPERATIVE POWER ASSOCIATION
## AND
## OTTER TAIL POWER COMPANY
## LIST OF MEMBER COOPERATIVES
## SERVED HEREUNDER

Agralite Cooperative

Lake Region Cooperative Electric Association

Runestone Electric Association

* * * * *

(EXHIBITS B, C and D omitted in printing.)

* * * * *

## EXHIBIT E
## INTEGRATED TRANSMISSION AGREEMENT
## BETWEEN
## COOPERATIVE POWER ASSOCIATION
## AND
## OTTER TAIL POWER COMPANY
## POINTS OF INPUT TO THE INTEGRATED TRANSMISSION SYSTEM

| | | | OTP | CPA |
|---|---|---|---|---|
| Audubon | 41.6 KV | Bus | | X |
| Pelican Rapids | 115 KV | SW#1416 | X | |
| Lake Region-Aurdal Sub | 41.6 KV | —— | X | |
| Hoot Lake | 115 KV | OCB 1515 | X | |
| Hoot Lake | 115 KV | OCB 1265 | X | X |
| Hoot Lake | 115 KV | OCB 1755 | X | |
| Hoot Lake | 115 KV | OCB 1725 | X | |
| Hoot Lake | 41.6 KV | OCB 115 | X | |
| Hoot Lake | 41.6 KV | OCB 175 | X | |

| | | | | |
|---|---|---|---|---|
| Hoot Lake | 41.6 KV | OCB 135 | X | |
| Cascade Jct. West | 41.6 KV | SW# 646 | X | |
| Everdell (Lake Region) | 41.6 KV | SW# 638 | X | |
| Henning | 115 KV | SW#1711 | X | |
| Deer Creek-MP&L | 115 KV | —— | X | X |
| Perham (generation) | 41.6 KV | —— | X | |
| Abercrombie | 41.6 KV | SW# 693 | | X |
| Alexandria | 115 KV | SW#1322 | X | X |
| Raymond (Kerkhoven) | 115 KV | SW#1617 | X | X |
| Morris USBR | 115 KV | OCB 1562 | X | X |
| Morris USBR | 41.6 KV | OCB 3132 | X | X |
| Morris USBR | 41.6 KV | OCB 3232 | X | X |
| Benson (generation) | 41.6 KV | SW# 717 | | X |
| Hancock (Agralite) | 41.6 KV | SW# 427 | X | |
| Akron (Agralite) | 41.6 KV | —— | X | |
| Appleton (generation) | 41.6 KV | —— | X | |
| Appleton | 41.6 KV | SW# 173 | X | |
| Morris | 41.6 KV | SW# 517 | X | X |
| Graceville | 41.6 KV | OCB 565 | X | |
| Graceville | 41.6 KV | SW# 591 | X | |
| Clinton (Agralite) | 41.6 KV | SW# 597 | X | |

## EXHIBIT F

## INTEGRATED TRANSMISSION AGREEMENT BETWEEN COOPERATIVE POWER ASSOCIATION AND OTTER TAIL POWER COMPANY

### FACILITIES OF CPA WHICH ARE A PART OF THE INTEGRATED TRANSMISSION SYSTEM AND CONSTRUCTION COST (Sec. 1.06)

| *Facility* | *Cost* |
|---|---|
| Morris-Benson 41.6 KV line, 40.5 miles | $231,000 |
| Carlos-Parkers Prairie 41.6 KV line, 11 miles | 66,882 |
| Total - - - | $297,882 |

(Superseded by No. 57188. Dated 12-12-69.)
(First Revision of Exhibit F.)

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## EXHIBIT G

## INTEGRATED TRANSMISSION AGREEMENT BETWEEN COOPERATIVE POWER ASSOCIATION AND OTTER TAIL POWER COMPANY

### FACILITIES TO BE FURNISHED BY CPA TO REACH DATE OF EQUALIZATION (Sec. 1.06)

| *Year* | *Project* | ** *Agreed Purchase Price* | *Estimated Cost* |
|---|---|---|---|
| 1967 | Benson 41.6 KV Switch Station, 4 - 41.6 KV OCB (Purchase from OTP) | $ 71,783 | |

| | | | |
|---|---|---|---|
| 1967 | Raymond-Kerkhoven 115 KV line, 10 miles (Purchase from OTP) | 149,130 | |
| 1967 | Kerkhoven 115/41.6 KV Substation, 12.5 MVA (Purchase from OTP) | 118,362 | |
| 1967 | Raymond 115 KV Switching Station (Purchase from OTP) | 374 | |
| 1967 | Henning-Deer Creek 230/115 KV line, 12.3 miles (Purchase from OTP) | 367,438 | |
| 1967 | Henning 230/115 KV Substation, 12.5 MVA (Purchase from OTP) | 168,747 | |
| 1968 | Cormorant-Frazee 115 KV line, 14 miles | | $252,000 |
| 1968 | Frazee 115/41.6 KV Substation, 12.5 MVA* (Purchase transformer from OTP) | | 166,000 |
| 1968 | Cormorant 115 KV Switching Station | | 70,000 |
| 1967 | Pelican Rapids-Cormorant 115 KV line, 16.0 miles (Purchase from OTP) | 160,000 | |
| 1969 | Morris-Benson 115 KV line, 40 miles | | 720,000 |
| 1969 | Benson 115/41.6 KV Substation, 30 MVA | | 210,000 |
| 1969 | Morris Substation - one 115 KV OCB | | 95,000 |
| 1969 | Cyrus 115/41.6 KV Substation, 20 MVA | | 200,000 |
| 1969 | Cyrus 41.6 KV line - double circuit - 5 miles | | 50,000 |
| 1969 | Henning Substation - Convert to 230 KV, 30 MVA | | 200,000 |
| 1970 | Johnson-Graceville 115 KV line, 8 miles | | 144,000 |
| 1970 | Graceville 115/41.6 KV Substation, 12.5 MVA - | | 131,000 |
| 1970 | Graceville Junction 115 KV Switching Station | | 70,000 |
| 1970 | Morris (Foley) - Graceville Jct. 115 KV line, 14.5 miles (Purchase from OTP) | 145,000 | |

*CPA agrees to purchase and Otter Tail agrees to sell a 115/41.6 KV 10 MVA tap changing underload transformer at

Otter Tail's Kidder Station, Wahpeton, North Dakota, for $50,000.

**Agreed Purchase Price shall be the amount of investment used in Exhibit F for determining the amount of Transmission Service Credit.

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U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
REA Borrower Designation: Minnesota 106 Redwood

The within Integrated Transmission Agreement dated August 25, 1967, with Otter Tail Power Company, submitted by the above designated borrower pursuant to the terms of the loan contract, is hereby approved solely for the purposes of such contract.

RICHARD H. WOOD
For the Administrator

Dated Sept. 16, 1967.

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GX-38

AGREEMENT

THIS AGREEMENT, between OTTER TAIL POWER COMPANY, a Minnesota corporation, of Fergus Falls, Minnesota, hereinafter called "Otter Tail," and R. S. R. ELECTRIC COOPERATIVE, INC., a corporation under the laws of the State of North Dakota, of Milnor, North Dakota, hereinafter called "R.S.R.", WITNESSETH:

WHEREAS, R.S.R. is a member, among others, of CENTRAL POWER ELECTRIC COOPERATIVE, INC., a corporation under the laws of the State of North Dakota, hereinafter called "Central," and

WHEREAS, Central and Otter Tail are Parties to an Agreement dated July 1, 1958, and Supplements thereto, hereinafter called "Central-Otter-Tail Agreement" for the transmission of power and energy to Central's Member Cooperatives, and

WHEREAS, Otter Tail and Minnkota Power Cooperative of Grand Forks, North Dakota, are parties to an Agreement, dated August 31, 1962, which has been amended from time to time, and as amended by Amendment No. 3, dated September 30, 1966, provides for an interconnection at a point near Colfax, North Dakota, and

WHEREAS, R.S.R. requires the delivery of electric power and energy to a point located at the Northeast Corner of Section 10, Township 134, Range 51, Richland County, North Dakota, hereinafter called "North Substation," and additional deliveries of electric power and energy in the future at points near Wyndmere, North Dakota, and Delamere, North Dakota, and

WHEREAS, Otter Tail shall require additional transmission line capacity for its loads in the vicinity of Milnor, North Dakota, and Wyndmere, North Dakota, and

WHEREAS, the Parties desire to cooperate in the construction, ownership, and leasing of facilities to serve the requirements of both parties.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

1. Otter Tail shall build a 41.6 KV transmission line from R.S.R.'s proposed North Substation to a point of interconnection near Colfax, North Dakota, with Minnkota Power Cooperative, Inc., of Grand Forks, North Dakota, hereinafter called "Minnkota" and thence easterly to a present Otter Tail 41.6 KV transmission line located three miles West of Abercrombie, North Dakota, in the North-

west Corner of Section 1, Township 134, Range 49, Richland County, North Dakota, as shown on Exhibit A attached hereto and by this reference made a part hereof.

2. Otter Tail shall convert its existing 12.5 KV transmission line, as shown on Exhibit A, to 41.6 KV from a point east of Milnor, North Dakota, in the Northeast Corner of Section 16, Township 132, Range 54, Sargent County, North Dakota, to a point south of Wyndmere, North Dakota, in the Northwest Corner of Section 18, Township 132, Range 51, Richland County, North Dakota, by reinsulation thereof, using NEMA Class 57-2 insulators. Otter Tail shall own and operate this line subject to R.S.R.'s option to purchase under paragraph 5 below.

3. Otter Tail shall build a 41.6 KV transmission line around Milnor, North Dakota, as shown on Exhibit A, from the Northeast Corner of Section 16, Township 132, Range 54, Sargent County, North Dakota, to a point to tap Otter Tail's existing 41.6 KV transmission line northwest of Milnor in Section 8, Township 132, Range 54. Otter Tail shall own and operate this line subject to R.S.R.'s option to purchase under paragraph 5 below.

4. R.S.R. shall construct a 41.6 KV transmission line, as shown in Exhibit A, from the North Substation to a point of connection with Otter Tail's present transmission line south of Wyndmere, North Dakota, in the Northwest Corner of Section 18, Township 132, Range 51, Richland County, North Dakota, and R.S.R. shall lease and hereby does remise, lease and let unto Otter Tail and Otter Tail does hereby hire and take from R.S.R., the said transmission line effective when construction of the line is completed, and the line is energized, and for the full term of this agreement as provided in paragraph 19 below, at an

annual rental of One Thousand Dollars ($1,000.00), payable annually at the end of each year after the date such construction is completed and the line energized; provided, however, that if R.S.R. shall exercise the option to purchase the Wyndmere-Milnor line and the line around Milnor under paragraph 5 below, this lease and the obligation to pay rent under this paragraph 4 shall terminate on the effective date of such purchase. As further consideration for this lease, Otter Tail shall maintain the said transmission line during the full term of the lease, but said maintenance shall be limited to the repair of minor units of property as defined by the Federal Power Commission uniform system of accounts, and shall exclude:

a. Any relocation of the line;

b. Maintenance work designed to increase the useful life of the line such as chemical treatment of poles or structures, ground line inspection and treatment, cathodic protective measures, vibration control measures, pest control measures and other such maintenance work which is designed to increase the useful life of the line; and

c. Resagging or extensive repairs to structures, conductors or static wires resulting from storms, vibration fatigue, improper design or construction, radio interference, decay or corrosion, fire, or other acts of God, casualties, or sudden or severe damage resulting from other than normal daily wear and tear.

provided, however, that if R.S.R. shall exercise the option to purchase the Wyndmere-Milnor line and the line around Milnor under paragraph 5 below, the obligation to maintain said transmission line under this paragraph 4 shall terminate on the effective date of such purchase.

5. Otter Tail hereby grants to R.S.R. an option for a period of five (5) years from the effective date of this Agreement as fixed under paragraph 18 below, to purchase Otter Tail's 41.6 KV transmission line between Wyndmere and Milnor, and around Milnor, North Dakota, as set forth in paragraphs 2 and 3 above, on the following terms and provisions:
   a. R.S.R. shall pay to Otter Tail as and for the purchase price of said line between Wyndmere and Milnor, as described in paragraph 2, the sum of Fifty-four Thousand Dollars ($54,000.00) less depreciation computed at the rate of 2.75% per year from the effective date of this agreement as fixed under paragraph 18 below.
   b. R.S.R. shall pay to Otter Tail as and for the purchase price of said line around Milnor as described in paragraph 3, an amount equal to the full cost of acquiring necessary right of way, including payments made to landowners, legal expenses, attorneys' fees, costs, disbursements, and condemnation damages, if any, and the full cost of constructing the said line, including labor, material, equipment, engineering and overhead expense, less depreciation computed at the rate of 2.75% per year from the effective date of this agreement, or from the date the construction of said line is completed, whichever occurs later.
   c. The obligation to pay rent for and to maintain the line between Wyndmere and North Substation under paragraph 4 shall terminate upon closing the sale by the execution and delivery of a good and sufficient conveyance by Otter Tail to R.S.R. and payment of the purchase price by R.S.R. to Otter Tail.
   d. Otter Tail shall pay to R.S.R. the sum of one-half mill ($.0005) per kilowatt hour for electric power and en-

ergy delivered to R.S.R. at North Substation, as metered at North Substation, from the date of closing the sale by Otter Tail to R.S.R., for the balance of the term of this agreement as fixed by paragraph 18.

e. Otter Tail shall transfer and assign unto R.S.R. all of Otter Tail's right, title and interest in any easements at that time held by Otter Tail for the transmission line purchased under said option, but said transfer and assignment by Otter Tail shall not in any manner constitute any warranty or covenant of the accuracy or validity of said easements.

f. If R.S.R. desires to exercise its said option to purchase, it shall do so by giving written notice thereof at least thirty (30) days in advance of the date of closing of the sale, specifying the date for closing the sale, which shall be within the five (5) year period of the option, said notice to be sent by registered or certified mail properly addressed to Otter Tail Power Company at its general offices in Fergus Falls, Minnesota, with proper postage stamps affixed, and the date of such notice shall be the date registered or certified in the U. S. mails. R.S.R. shall obtain approval, in writing, from the Administrator, Rural Electrification Administration, of its exercise of the option to purchase before giving notice of its exercise, and notice of this exercise shall not be effective unless such prior written approval is obtained.

6. Otter Tail shall provide, own and maintain three-pole, group-operated, air break switches located as follows, and as shown on Exhibit A:

a. In each of Otter Tail's three lines from the point where the 41.6 KV transmission line to be built by Otter Tail

connects with the present Otter Tail 41.6 KV transmission line located three miles west of Abercrombie, North Dakota.

b. In each of Otter Tail's three lines by the junction point one mile south of the tie with Minnkota at Colfax.

c. In Otter Tail's line east from the point where R.S.R. and Otter Tail lines interconnect near the North Substation.

d. In Otter Tail's line west of the proposed line tap south of Wyndmere, North Dakota. If R.S.R. exercises its option to purchase the Wyndmere-Milnor line under paragraph 5 above, Otter Tail shall remain the owner of its said switch and supporting structure.

e. In Otter Tail's new 41.6 KV line around Milnor at a point located just south of the Milnor, North Dakota, tap in the north part of Section 8, Township 132, Range 54, Sargent County, North Dakota. If R.S.R. exercises its option to purchase the line around Milnor under paragraph 5 above, Otter Tail shall remain the owner of its said switch and supporting structure.

7. R.S.R. shall provide, own and maintain three-pole, group-operated, air break switches located as follows, as shown on Exhibit A:

a. In R.S.R.'s line south from the point where R.S.R. and Otter Tail lines interconnect near the North Substation.

b. In R.S.R.'s line east of the proposed line tap south of Wyndmere, North Dakota.

8. Operation of R.S.R.'s 41.6 KV transmission line will be under the control of Otter Tail dispatchers.

9. Each Party shall, at its own expense, maintain and keep in repair its structures, attachments and equipment, except as provided in paragraph 4. Otter Tail will cooperate

in releasing the use of its transmission lines when possible for normal maintenance of R.S.R.'s equipment connected to said lines.

10. Employees of both Otter Tail and R.S.R. shall have access to operate both Otter Tail's and R.S.R.'s switching equipment specified herein, but the operation of such switches shall be subject to the control of Otter Tail's dispatches and such switches shall be operated only upon specific orders from Otter Tail's system dispatchers at Fergus Falls. When so requested by Otter Tail's dispatchers, R.S.R. shall operate the said switching equipment forthwith and without delay. No charge shall be made for switching performed hereunder by either R.S.R. or Otter Tail. Each Party shall appoint one representative to serve on an operating committee to adopt and implement additional standards, as may be required from time to time, for the safe and efficient operation and maintenance of the switching equipment and interconnected lines.
11. It is also understood that the R.S.R.'s future tap point locations, loading, and switching facilities for the Delamere and Wyndmere tap lines and substations shall be negotiated to be mutually agreeable and in accordance with the Central-Otter Tail Agreement.
12. The electric power and energy transmitted to and metered at R.S.R.'s North Substation, future Wyndmere Substation, future Delamere Substation and Milnor Substation mentioned herein shall be in accordance with the terms of the Central-Otter Tail Agreement.
13. Except as specified herein, each Party will procure all necessary easements, franchises, or authorizations required for its construction, operation, and maintenance of its structures, wires, equipment, guys or other installations.

14. Neither Party shall be responsible to the other for damage to or loss of property, or for personal injuries, unless such damage, loss or injury is occasioned by the negligence of such party or its employees or agents and liability therefor is imposed by applicable law.
15. Otter Tail reserves the right to disconnect service at appropriate points in the event service to R.S.R. results in trouble in the interconnected system, such as interruptions, grounds, radio or telephone interference, surges, or objectional voltage fluctuations, if, after giving notice to the R.S.R. of such trouble, R.S.R. fails to remedy the causes thereof within a reasonable time. It is also understood that any similar trouble originating in Otter Tail's facilities will be eliminated or switched out within a reasonable time. Each Party agrees to correct troubles and interruptions occurring in its respective facilities, or facilities being operated under its jurisdiction, within a reasonable time.
16. This Agreement shall be subject to the approval of the Administrator, Rural Electrification Administration, and if not so approved within ninety (90) days of the date of execution hereof, shall be of no force or effect.
17. The Parties agree that the facilities to be constructed hereunder shall be completed on or about November 15, 1968, with the exception of the R.S.R., Wyndmere and Delamere tap lines, switching facilities and substations. Otter Tail further agrees that in the absence of unusual construction conditions, construction of its line from the North Substation eastward to Otter Tail's existing system will be completed within ninety (90) days after the effective date of this Agreement.
18. Except as provided herein, this Agreement shall become effective upon approval of the Administrator, Rural Elec-

trification Administration, and the acceptance for filing by the Federal Power Commission, and shall continue until termination of the July 1, 1958, Central-Otter Tail Agreement; provided, however, if R.S.R. does not exercise the option to purchase provided for in paragraph 5 above, R.S.R. may, after the expiration of the option, enter into negotiations with Otter Tail in an effort to reach a new agreement, mutually satisfactory to the Parties, to accomplish (a), or (b) (1), or (b) (2), below:

(a) Continued interconnected operation of the line to be constructed by R.S.R. under paragraph 4, such new agreement to reflect such changes in conditions and circumstances as the parties mutually agree upon; or

(b) R.S.R. to provide Otter Tail with a new connecting 41.6 KV line from Otter Tail's 41.6 KV system at Mooreton to Otter Tail's 41.6 system at Wyndmere, in return for which Otter Tail will either

(1) Transfer and convey to R.S.R. that portion of the line to be constructed by Otter Tail under paragraph 1, lying between R.S.R.'s proposed North Substation and a point located approximately 1 mile south of Colfax, North Dakota; or

(2) Pay to R.S.R. an amount equal to the then depreciated value of that portion of the line to be constructed by Otter Tail under paragraph 1, lying between R.S.R.'s proposed North Substation and a point located approximately 1 mile south of Colfax, North Dakota.

If such negotiations do not result in a new agreement mutually satisfactory to the Parties, this Agreement shall remain in full force and effect.

19. Except with the written consent of the other Party, neither Party hereto shall, directly or indirectly, sell or de-

liver the electric power and energy transmitted over any of the transmission lines herein described, to any wholesale or retail consumer to which the other Party has established electric service on the date of the execution of this Agreement or at any time hereafter and such service is still available.

20. This Agreement is subject to the regulations of any regulatory body or bodies having jurisdiction thereof.

21. This Agreement shall be binding upon the respective Parties and their successors and assigns.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by its proper corporate officers, and its corporate seal to be hereunto affixed, as of the 18th day of January, 1968.

OTTER TAIL POWER COMPANY
A Minnesota Corporation
By WARREN NYE, Vice President

Attest:
John M. West
Secretary
(Corporate Seal)

R.S.R. ELECTRIC COOPERATIVE, INC.
A North Dakota Corporation
By PRICE GULLESON, President

Maynard W. Lien
Secretary
(Corporate Seal)

Approved this ..... day of ....., 1968.

.....
Administrator
RURAL ELECTRIFICATION ADMINISTRATION

* * * * *

(EXHIBIT A omitted in printing.)

* * * * *

## AMENDMENT TO AGREEMENT

THIS AGREEMENT, between OTTER TAIL POWER COMPANY, a Minnesota corporation, of Fergus Falls, Minnesota, hereinafter called "Otter Tail," and R.S.R. ELECTRIC COOPERATIVE, INC., a corporation under the laws of the State of North Dakota, of Milnor, North Dakota, hereinafter called "R.S.R." WITNESSETH:

WHEREAS, these parties have heretofore entered into an Agreement dated January 18, 1968 providing, among other things, for a construction of transmission lines in the vicinity of Colfax and Wyndmere, North Dakota, and

WHEREAS, the parties desire to amend said agreement by substituting a new provision for paragraph number 19 of said agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained as well as those contained in the said agreement of January 18, 1968, the parties hereto agree as follows:

A. That paragraph number 19 of the agreement dated January 18, 1968 is hereby stricken from such agreement.

B. That in lieu thereof, there is hereby substituted in the said agreement of January 18, 1968 the following provision:

19. Except with the written consent of the other Party, neither Party hereto shall, directly or indirectly, sell the electric power and energy transmitted over any of the transmission lines herein described, to any wholesale or retail consumer to which the other Party has established electric service on the date of the execution of this Agreement or at any time hereafter and such service is still available. Nothing herein contained shall entitle R.S.R. to use, without

the consent of Otter Tail, any of the transmission lines herein described which is owned by Otter Tail, to transmit or deliver power to any wholesale or retail consumer served by Otter Tail on or after the date of this Agreement, and such service is still available; or entitle Otter Tail to use, without the consent of R.S.R., any of the transmission lines herein described which is owned by R.S.R., to transmit or deliver power to any wholesale or retail consumer served by R.S.R. on or after the date of this Agreement, and such service is still available.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by its proper corporate officers, and its corporate seal to be hereunto affixed, as of the 11th day of March, 1968.

OTTER TAIL POWER COMPANY
A Minnesota Corporation
By WARREN NYE, Vice President

Attest:
John M. West
Secretary
(Corporate Seal)

R.S.R. ELECTRIC COOPERATIVE, INC.
A North Dakota Corporation
By PRICE GULLESON, President

Maynard W. Lien
Secretary
(Corporate Seal)

Approved this ..... day of ....., 1968.

.....
Administrator
RURAL ELECTRIFICATION ADMINISTRATION

GX-39

# TRANSMISSION SERVICE AGREEMENT

between

LYON-LINCOLN ELECTRIC COOPERATIVE, INC.

TRAVERSE ELECTRIC COOPERATIVE, INC.

and

OTTER TAIL POWER COMPANY

THIS AGREEMENT made as of February 6, 1964, between LYON-LINCOLN ELECTRIC COOPERATIVE, INC., a cooperative corporation under the laws of Minnesota, herein called, "Lyon-Lincoln," and TRAVERSE ELECTRIC COOPERATIVE, INC., a cooperative corporation under the laws of Minnesota, herein called "Traverse," and OTTER TAIL POWER COMPANY, a corporation under the laws of Minnesota, herein called "Otter Tail," WITNESSETH:

WHEREAS, Lyon-Lincoln and Traverse, herein together called the "Cooperative," are engaged in the business of purchasing, distributing, and selling electric power and energy to its consumers under the terms of the Rural Electrification Act of 1936, and

WHEREAS, Otter Tail is engaged in the business of generating, transmitting, and distributing electric power and energy in the States of Minnesota, North Dakota, and South Dakota, and

WHEREAS, the Cooperative has established certain connections to Otter Tail's transmission system for the purpose of receiving transmission services therefrom, the power supply being from others, and

WHEREAS, Otter Tail's transmission system is interconnected at several points to the systems of other power suppliers including the Bureau of Reclamation of the United States, herein called the "Bureau," and Northern States Power Company, herein called "Northern States," and

WHEREAS, the Cooperative is a preference customer of the Bureau and has contracted to purchase hydroelectric firm power, herein called "Bureau Hydroelectric Firm Power," and

WHEREAS, Otter Tail has contacted with the Bureau concerning interconnections and certain transmission services, and

WHEREAS, the Cooperative has contracted with Northern States to purchase certain amounts of Firm Power, and

WHEREAS, Otter Tail has contracted with Northern States concerning interconnections and certain transmission services, and

WHEREAS, the Cooperative desires to arrange for transmission services from Otter Tail as provided herein, and

WHEREAS, Otter Tail through its transmission facilities and interconnections with the transmission systems of others can provide economical and reliable transmission services for the Cooperative and is willing to do so in accordance with the provisions hereof, and

WHEREAS, the Cooperative has engaged as its agent the East River Electric Cooperative, Inc., herein called "East River," to act for the Cooperative in certain matters;

NOW THEREFORE, the parties hereto agree as follows:

1. TRANSMISSION SERVICE: Otter Tail agrees to furnish to the Cooperative, and the Cooperative agrees to accept from Otter Tail transmission services as set forth in Exhibit A, attached hereto and made a part hereof, for the delivery of

firm electric service to the Cooperative's loads at Points of Delivery specified in Exhibit B, attached hereto, and made a part hereof.

Bureau Hydroelectric Firm Power shall be considered as continuously available at the Points of Delivery on a 12-month basis or longer and shall be treated as Firm Power hereunder.

2. POINTS OF INPUT TO OTTER TAIL: Deliveries of electric power and energy to Otter Tail for delivery hereunder shall be made at any points of interconnection between the Bureau and Otter Tail for Bureau deliveries and between Northern States and Otter Tail for Northern States deliveries as required by Otter Tail. The Cooperatives shall arrange for such delivery to Otter Tail at said points of interconnection where capacity for such deliveries can be demonstrated to exist.

3. RATE: East River agrees to pay to Otter Tail 1.5 mills ($0.0015) per kilowatt hour for all kilowatt hours delivered by Otter Tail for the Bureau to the Cooperative at the Points of Delivery.

4. PAYMENT OF BILLS: Bills for services hereunder shall be rendered monthly and shall be payable within 15 days from the date of bill. If such due date falls on a Sunday or holiday, the bill shall be due on the next day following such Sunday or holiday.

In the event the Cooperative desires to dispute all or any part of the charges submitted by Otter Tail, it shall nevertheless pay the full amount of the charges when due and give notification in writing within 60 days from the date of the statement stating the grounds in which the charges are disputed and the amount in dispute; provided, however, no dispute as to the accuracy of the charges will be entertained or

considered unless written complaint with respect thereto is submitted by the Cooperative to Otter Tail within 60 days from the date upon which the statement for charges is presented; and the Cooperative will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of Otter Tail within the time and in the manner herein specified.

5. CONNECTION OF FACILITIES: The Cooperative shall install, own and maintain the necessary substations, together with the switching and protective equipment which are necessary to enable the Cooperative to take and use electric service and to protect the system of Otter Tail. The Parties shall execute connection agreements in the form of Exhibit C, attached hereto and make a part hereof, for each Point of Delivery.

All devices installed by the Cooperative for the purpose of regulating voltage from the Point of Delivery shall be installed on the load side of all metering equipment.

The portions of the Cooperative's electric system served from the Points of Delivery set forth in Exhibit B shall not be interconnected or operated in parallel with any system other than that of Otter Tail.

6. METER ADJUSTMENTS: Each meter used hereunder shall, by comparison with accurate standards, be tested and calibrated by Otter Tail at approximate intervals of 12 months. If a meter shall be found inaccurate, it shall be restored to an accurate condition or an accurate meter substituted.

The Cooperative shall have the right to request that a special test of metering equipment be made at any time. If any test, made at the Cooperative's request, discloses that the

metering equipment tested is registering within 2% of normal, the Cooperative shall bear the expense of such tests.

The results of all such tests and calibrations shall be open to examination by the Cooperative and a report of every test shall be furnished immediately to the Cooperative. Any meter tested and found to be not more than 2% above or below normal shall be considered to be accurate. If, as a result of any test, any meter is found to register in excess of 2% either above or below normal, then the readings of such meter previously taken shall be corrected according to the percentage of inaccuracy so found, but no such correction shall extend beyond 60 days previous to the date on which inaccuracy is discovered by such test.

Should any such metering equipment at any time fail to register, or should the registration thereof be so erratic as to be meaningless, the power and energy delivered shall be determined from the best information available.

7. POWER FACTOR: The Cooperative shall maintain a power factor at the Points of Delivery of not less than 90% leading or lagging; provided that the Cooperative may be permitted to operate at a lower power factor if such operation does not impair the full use of Otter Tail's system.

8. USE OF SERVICE: In consideration of the provisions of this Agreement it is understood and agreed that except with the written consent of Otter Tail, the Cooperative shall not directly or indirectly use, including use for auxiliary or breakdown service to any other source of power supply, any power or energy delivered to Points of Delivery as listed in Exhibit B to supply power and energy for use within the corporate limits of any city or village wherein electric service at this time is supplied by Otter Tail, nor for use on any

premises for which service has been established and is still available from the facilities of Otter Tail.

9. OTTER TAIL NOT A COMMON CARRIER: It is understood and agreed that Otter Tail by entering into this agreement does not dedicate or intend to dedicate its facilities to the common carrying of electric power and energy for the account and use of the Cooperative or anyone else.

10. CONTINUITY OF SERVICE: The delivery of electric power hereunder shall be continuous except for the following:

A. Interruptions or reductions due to uncontrollable forces which, by exercise of due diligence and foresight, could not reasonably have been avoided. The term "uncontrollable forces" shall be deemed to mean any cause beyond the control of the Party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance, sabotage and restraint by court or public authority. The Party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

B. Interruptions or reductions due to operation of devices installed for power system protection.

C. Temporary interruptions or reductions which are necessary or desirable, for the purposes of maintenance, repairs, replacements, installation of equipment or investigation and inspection. Each Party will give the other Party reasonable advance notice of such interruptions or reductions, except in case of emergency as determined by the Party creating the interruption or reduction, and will remove the cause thereof with all reasonable dispatch.

11. LIABILITY: Each Party shall maintain its own equipment used in the performance of this Agreement, and neither Party shall be responsible to the other for damage to or loss of property, wherever located, unless such damage or loss is occasioned by its own negligence or by the negligence of its employees or agents. In the event of damage to property of third Parties or death of or injuries to persons resulting from the performance of this Agreement, each Party shall be liable for its own negligence and for the negligence of its employees or agents.

12. INDEMNITY: Each Party shall defend, indemnify and hold harmless the other Party against any and all claims, liability, loss, damage or expense caused by or resulting from the negligent acts or omissions of the indemnifying Party, its employees or agents.

13. DELAYS: Neither Party hereto shall be liable for delays not reasonably within its control, including delays caused by inability to secure or replace materials or supplies necessary to perform the work contemplated herein, nor shall any such delay be deemed a breach of any obligation under this Agreement.

14. DEFAULT: Upon the default of any provision contained by either Party, the other Party shall have the right to suspend delivery of service. Such remedy shall be in addition to any other remedy at law or in equity. No delay by either Party in enforcing any of its rights hereunder shall be deemed a waiver of any of its rights; nor shall a waiver by either Party of the other Party's defaults be deemed a waiver of any other or subsequent defaults.

15. RIGHT OF ACCESS: Each of the Parties hereto will give authorized agents and employees of the other Party the

right to enter its premises at all reasonable times for the purpose of reading or checking meters, for constructing, testing, repairing, renewing, exchanging or removing any or all of its equipment which may be located on the property of the other Party or performing any work incident to rendering service under this Agreement.

16. NOTICES: Any notices, demands or requests, required or authorized by this Agreement, shall be deemed properly given if mailed, postage prepaid, to the Vice President, Electrical, Otter Tail Power Company, Fergus Falls, Minnesota, on behalf of Otter Tail, and to the President, East River Power Cooperative, Inc., Madison, South Dakota, on behalf of the Cooperative. The designation of the persons to be notified or the address of such person may be changed at any time by similar notice.

17. ASSIGNMENTS: This Agreement shall not be assigned except with the written consent of the other Party.

18. TERM: This Agreement shall become effective on the 20th day of February, 1964, and shall remain in effect for a period of 22 months, and if not then terminated by not less than 12 months prior written notice given by either Party to the other, shall continue in full force and effect until so terminated.

19. REGULATION: This Agreement is subject to all present and future applicable regulatory laws and governmental regulatory bodies having jurisdiction thereof.

20. INSEPARABILITY: Each Party to this Agreement acknowledges that each covenant, condition and agreement herein contained is mutually interdependent upon all of the other covenants, conditions and agreements herein contained, and that should any of the terms of the Agreement or any

portion thereof be determined to be void, invalid or unenforceable by a court of competent jurisdiction or governmental regulatory agency having jurisdiction, then this entire Agreement between the parties, shall be void and terminated.

21. TERMINATION OF EXISTING AGREEMENTS: It is mutually agreed that, on the effective date hereof, this Agreement terminates any and all prior agreements covering the service furnished hereunder and any understandings, liabilities, and undertakings of each party unto the other arising therefrom, except as to any unpaid bills for electric service owing by Cooperative to Otter Tail.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and attested by their duly authorized officers as of the day and year first above written.

EAST RIVER ELECTRIC POWER
COOPERATIVE, INC.
as Agent for
LYON-LINCOLN ELECTRIC
COOPERATIVE, INC.
TRAVERSE ELECTRIC
COOPERATIVE, INC.
By CARL H. WEARTY
Vice-President
And J. CASMAN
Secretary

In presence of:
Walter A. Canney
Carol E. Tollefson
As to East River

OTTER TAIL POWER COMPANY
WARREN NYE
Vice-President

JOHN M. WEST
Secretary

Enbert L. C. Larson
Eldon E. Kratzke
As to Otter Tail

Approved:
NORTHERN STATES POWER COMPANY
By A. H. ENGELS, Senior Vice President
And M. DOANCE, Secretary

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EXHIBIT A
TRANSMISSION SERVICE AGREEMENT
between
LYON-LINCOLN ELECTRIC COOPERATIVE, INC.
TRAVERSE ELECTRIC COOPERATIVE, INC.
and
OTTER TAIL POWER COMPANY
TRANSMISSION SERVICES

1. DEFINITION: Electric service supplied hereunder shall be three phase, alternating current of approximately 60 cycles per second.

2. FIRMING SERVICE: In the event of the failure of the transmission facilities of the Bureau to deliver electric service for the Cooperative at the normal point of delivery to Otter Tail's system, Otter Tail agrees to make available alternate facilities on its system to reroute such electric service for delivery to the Cooperative.

3. METERING SERVICE: The delivery of electric power and energy at each of the Points of Delivery shall be at transmission voltage of approximately 41,600 volts and shall be metered at approximately 12,500 volts and compensated to the

equivalent of metering at the delivery voltage by multiplying the registrations by a factor of 1.02 for each transformation to compensate for transformer losses.

Otter Tail shall furnish, own, install and maintain a recording demand meter and watt-hour meter at each Point of Delivery. The Cooperative shall provide a suitable metering location and shall provide and install a suitable support for the metering transformers and suitable conduit for the metering circuits. Otter Tail shall furnish, own, and maintain all metering transformers, color code metering wire and meter enclosure, all of which shall be installed by the Cooperative.

Otter Tail will read its meters monthly at times mutually agreed upon and promptly forward a copy of all such readings to the Cooperative. Metering records shall be available at all reasonable times to authorized agents and employees of either party for purposes of this Agreement.

EXHIBIT B

TRANSMISSION SERVICE AGREEMENT BETWEEN
LYON-LINCOLN ELECTRIC COOPERATIVE, INC.,
TRAVERSE ELECTRIC COOPERATIVE, INC.
AND OTTER TAIL POWER COMPANY

| Name of Connection | Points of Delivery from Otter Tail Power Company's System | | Points of Metering | |
|---|---|---|---|---|
| | *Location* | *Voltage* | *Location* | *Voltage* |
| | Lyon-Lincoln Electric Cooperative, Inc. | | | |
| Ghent | Near the NW corner of the SW¼ of Sec. 9, T. 112 N., R. 42 W., Lyon County, Minnesota | 41,600 | Near the NW corner of the SW¼ of Sec. 9, T. 112 N., R. 42 W., Lyon County Minnesota | 7,200/12,500 |
| Ivanhoe | At or near the SE corner of the SW¼ of Sec. 9, T. 111 N., R. 45 W., Lincoln County, Minnesota | 41,600 | At or near the SE corner of the SW¼ of Sec. 9, T. 111 N., R. 45 W., Lincoln County, Minnesota | 7,200/12,500 |
| Lake Benton | At or near the NW corner of the NW¼ of Sec. 33, T. 110 N., R. 45 W., Lincoln County, Minnesota | 41,600 | At or near the NW corner of the NW¼ of Sec. 33, T. 110 N., R. 45 W., Lincoln County, Minnesota | 7,200/12,500 |
| Marble | Near the SW corner of Sec. 15, T. 113 N., R. 45 W., Lincoln County, Minnesota | 41,600 | Near the SW corner of Sec. 15, T. 113 N., R. 45 W., Lincoln County, Minnesota | 7,200/12,500 |

Traverse Electric Cooperative, Inc.

| | | | | |
|---|---|---|---|---|
| Beardsley | At or near the NW corner of the NW¼ of Sec. 5, T. 124 N., R. 48 W., Big Stone County, Minnesota | 41,600 | At or near the NW corner of the NW¼ of Sec. 5, T. 124 N., R. 48 W., Big Stone County, Minnesota | 7,200/12,500 |
| Doran | At or near the SE corner of Sec. 5, T. 131 N., R. 46 W., Wilkin County, Minnesota | 41,600 | At or near the SE corner of Sec. 20, T. 131 N., R. 46 W., Wilkin County, Minnesota | 7,200/12,500 |
| Graceville | Near the SW corner of Sec. 34, T. 125 N., R. 46 W., Traverse County, Minnesota | 41,600 | Near the SW corner of Sec. 34, T. 125 N., R. 46 W., Traverse County, Minnesota | 7,200/12,500 |
| Wendell | Near the NE corner of Sec. 25, T. 129 N., R. 44 W., Grant County, Minnesota | 41,600 | Near the NE corner of Sec. 25, T. 129 N., R. 44 W., Grant County, Minnesota | 7,200/12,500 |
| Wheaton | At or near the NE corner of the NW¼ of the NW¼ of Sec. 29, T. 127 N., R. 46 W., Traverse County, Minnesota | 41,600 | At or near the NE corner of the NW¼ of the NW¼ of Sec. 29, T. 127 N., R. 46 W., Traverse County, Minnesota | 7,200/12,500 |

## EXHIBIT C

## TRANSMISSION SERVICE AGREEMENT BETWEEN LYON LINCOLN ELECTRIC COOPERATIVE, INC. TRAVERSE ELECTRIC COOPERATIVE, INC. AND OTTER TAIL POWER COMPANY

### ELECTRIC LINE CONNECTING AGREEMENT

THIS AGREEMENT, by and between Otter Tail Power Company, a Minnesota corporation whose principal office is Fergus Falls, Minnesota, hereinafter referred to as "Otter Tail", and ....., a ..... corporation whose post office address is ....., hereinafter referred to as the "Customer,"

WITNESSETH, that the parties, in consideration of their mutual covenants and agreements, do hereby agree as follows:

1. Otter Tail is the owner of an electric transmission line to which the Customer wishes to connect. The estimated revenue to Otter Tail resulting from said connection, however, is not sufficient to justify investment in connecting facilities by Otter Tail. Otter Tail agrees to permit said connection to its line in accordance with the terms of this Agreement concerning ownership of the connecting facilities specified herein and in accordance with the terms of any other Agreement between the parties hereto concerning electric service.

2. The line connection hereunder is located at .....

.....

(Quarter, Section, Township, Range, County, State)

3. Electric power and energy exchanged at the specified connection shall be three phase alternating current approximately ..... volts. If Otter Tail changes said nominal

operating voltage level of its line, the Customer, if it wishes to continue said connection, shall at its own expense make such changes in its system and in connecting facilities, specified under Article 4 hereof, as may be necessary to receive service at such new voltage level.

4. The Customer shall install, own and maintain in Otter Tail's line a junction pole or structure of a design approved by Otter Tail for the purpose of supporting and terminating the lines of the parties and providing for the connection thereof. In addition thereto the Customer shall install, own and maintain switching equipment at the point of connection complete with supporting structures therefore as listed under items ..... and ..... below.

a. One gang operated, three-pole air break switch in each of Otter Tail's lines ..... and ..... from said point of connection.

b. A gang operated, three-pole air break switch in the Customer's tap line from said point of connection.

c. A three-pole oil circuit breaker in the Customer's tap line from said point of connection.

Said switching equipment shall be of standard make and design with voltage and current ratings approved by Otter Tail. Otter Tail will provide insulation and fittings as required for the support or termination of its lines on the Customer's structures.

5. The Customer shall reimburse Otter Tail for all expenses incurred as a result of this new connection or any preparations therefor. The Customer shall also reimburse Otter Tail for any other line changes or grading necessary.

6. The Customer will, at its own expense, maintain and keep in repair its structures, attachments and equipment

Otter Tail will cooperate in temporarily releasing the use of its transmission lines when possible for normal maintenance of the Customer's equipment connected to said lines. The Customer will reimburse Otter Tail for all switching costs including labor incurred for such line switching. Upon request by the Customer, Otter Tail will perform maintenance work on the Customer's electrical installations and equipment specified herein. The Customer shall reimburse Otter Tail for all costs incurred in the performance of such maintenance work, including administrative and general expenses.

7. Operation of the switches specified herein which are located in Otter Tail's transmission lines shall be done only upon specific orders from Otter Tail's system dispatchers at Fergus Falls. Employees of Otter Tail shall have access at all times to operate the Customer's switching equipment specified hereunder. The Customer will operate the switching equipment specified herein without delay when so requested by Otter Tail's dispatchers. No charge shall be made by the Customer to Otter Tail for switching performed hereunder.

8. If the Customer decides to discontinue use of its connection to Otter Tail's line or if the connection is no longer usable in its present location, the Customer shall, at its own expense, remove its property, installed in conformance with this Agreement and restore Otter Tail's line and supporting structures to their original condition or that condition satisfactory with Otter Tail.

9. If Otter Tail shall at any future date discontinue the use of or relocate its transmission line serving the connection specified herein, the Customer, if it wishes to continue to receive service, shall at its own expense, relocate the connecting facilities specified under Article 4 hereof and build the neces-

sary connecting lines to such relocated point of connection as may be agreed between the parties hereto.

10. Each party shall pay any and all taxes levied and assessed on or by reason of their respective properties as specified by this Agreement.

11. Otter Tail does not in any manner warrant or covenant unto the Customer the existence or validity of any easement, franchise or other authorization for the erection, maintenance or repair of the Customer's installations specified herein. The Customer will procure all necessary easements, franchises or authorization required for the construction, operation and maintenance of its structures, wires, equipment, guys or other installations.

12. *Liability.* As to claims for injuries or damages to persons or property resulting or claimed to result from the said jointly used poles or any attachments thereto, the parties hereto shall be responsible in accordance with, and as may be determined by applicable laws. The intent of this provision is that each party shall be liable only for its own property or acts.

13. Otter Tail reserves the right to disconnect service at the point of connection in the event service to the Customer results in trouble on Otter Tail's system such as interruption, grounds, radio or telephone interference, surges or objectionable voltage fluctuations if, after giving notice to the Customer of such trouble the Customer fails to remedy the causes thereof within a reasonable time.

14. This Agreement shall become effective upon its execution and delivery and shall continue in force and effect for a period to coincide with the effective period of any other Agreement between the parties hereto concerning electric service to the location specified in paragraph 2, or until such time as the connection is no longer usable in said location.

15. The terms and conditions of this Agreement shall extend to and be obligatory upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed by its proper officers this .... day of ....., A.D. 19....

OTTER TAIL POWER COMPANY

By: .....

Vice President

Attest:

.....

Secretary

(Corporate Seal)

.....

Customer

By: .....

Attest:

.....

Secretary

(Corporate Seal)

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SUPPLEMENTAL AGREEMENT

between

LYON-LINCOLN ELECTRIC COOPERATIVE, INC.

TRAVERSE ELECTRIC COOPERATIVE, INC.

and

OTTER TAIL POWER COMPANY

THIS AGREEMENT, made as of this 13th day of August, 1965, between LYON-LINCOLN ELECTRIC COOPERATIVE, INC., a cooperative corporation under the laws of Minnesota, herein called "Lyon-Lincoln," and TRAVERSE ELECTRIC COOPERATIVE, INC., a cooperative corporation under

the laws of Minnesota, herein called "Traverse," and OTTER TAIL POWER COMPANY, a corporation under the laws of Minnesota, herein called "Otter Tail," WITNESSETH:

WHEREAS, The Parties hereto have entered into a Transmission Service Agreement dated February 6, 1964, in which Lyon-Lincoln and Traverse engaged as its agent the East River Electric Power Cooperative, Inc. (East River); and

WHEREAS, East River as such agent served notice of the termination of said Agreement as of December 20, 1965, but now desires an extension of said Agreement as hereinafter provided;

NOW, THEREFORE, The Parties hereto agree as follows:

The said Transmission Service Agreement dated February 6, 1964, is hereby extended, as follows: (a) as to Lyon-Lincoln until December 20, 1966, and thereafter until cancelled by thirty (30) days written notice by either party; and (b) as to Traverse Electric until December 20, 1967, and thereafter until cancelled by thirty (30) days written notice by either party.

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be duly executed and attested by their duly authorized officers as of the day and year first above written.

EAST RIVER ELECTRIC POWER
COOPERATIVE, INC.
as Agent for
LYON-LINCOLN ELECTRIC
COOPERATIVE, INC.
TRAVERSE ELECTRIC
COOPERATIVE, INC.
By ARTHUR JONES
President

And J. CASMAN
Secretary

In presence of:
Walter A. Canney
C. A. Harun
As to East River

OTTER TAIL POWER COMPANY
By WARREN NYE
Vice-President
And JOHN M. WEST
Secretary

Leila J. Argue
Jean E. Bjorgo
As to Otter Tail

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OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota 56537
October 1, 1965

Mr. V. T. Hanlon, Manager
East River Electric Power Cooperative, Inc.
Madison, South Dakota 57402

Dear Mr. Hanlon:

This is in response to your letter of September 21, 1965.

It is agreeable with Otter Tail that the proposed Supplemental Agreement dated August 13, 1965, and forwarded to you with my letter of that date, be understood as including the following additional provisions:

"IT IS AGREED, that the transmission service provided for in the Transmission Service Agreement dated February 6, 1964, may include power delivered to Otter Tail by the Bureau which may originate from other suppliers; in

which event, each and all of the terms and provisions of said Transmission Service Agreement shall apply to any such power delivered to Otter Tail by the Bureau but which originates from other suppliers, except that as to any such power East River agrees to pay Otter Tail 2.5 mills ($0.0025) per kilowatt-hour for all kilowatt-hours delivered by Otter Tail to the Cooperative at the Points of Delivery (instead of 1.5 mills as provided in paragraph 3 of said Transmission Service Agreement)."

We do not care to further amend the cancellation provisions of the contract. The provisions in that regard as stated in the proposed Supplemental Agreement dated August 13, 1965, are in accordance with our commitment and your previous request.

If the additional provision contained in the above quotation is satisfactory with you, and if it would simplify the handling of it, you can merely signify an acceptance of it by signing the extra copy of this letter and returning it to us along with execution of the Supplemental Agreement as previously submitted to you under date of August 13, 1965. If this simplified procedure is not acceptable, we can, of course, rewrite the Supplemental Agreement including the provision above quoted.

Yours truly,
WARREN NYE
Vice President, Electrical

Warren Nye:jeb

Accepted this 7th day of October, 1965
By ARTHUR JONES
East River Electric Power Cooperative, Inc.
As Agent for Lyon-Lincoln Electric Cooperative, Inc.
and Traverse Electric Cooperative, Inc.

OTTER TAIL POWER COMPANY

Fergus Falls, Minnesota 56537
November 1, 1966

Mr. V. T. Hanlon, Manager
East River Electric Power Cooperative, Inc.
Madison, South Dakota 57402
Dear Mr. Hanlon:

This is in response to Mr. Walter A. Canney's telephone call to me of October 28. It is agreeable with Otter Tail that the Supplemental Agreement between Lyon-Lincoln Electric Cooperative, Inc., Traverse Electric Cooperative, Inc., and Otter Tail Power Company dated August 13, 1965, be amended as follows:

Remove the paragraph — "The said Transmission Service Agreement dated February 6, 1964, is hereby extended as follows: (a) as to Lyon-Lincoln until December 20, 1966, and thereafter until cancelled by thirty (30) days written notice by either party; and (b) as to Traverse Electric until December 20, 1967, and thereafter until cancelled by thirty (30) days written notice by either party."

In its place add the following paragraph — "The said Transmission Service Agreement dated February 6, 1964, is hereby extended as follows: (a) as to Lyon-Lincoln until December 20, 1967, and thereafter until cancelled by thirty (30) days written notice by either party; and (b) as to Traverse Electric until December 20, 1968, and thereafter until cancelled by thirty (30) days written notice by either party."

If the above extension of one year as to each of the distribution cooperatives is satisfactory with you, you can merely sig-

nify an acceptance of it by having the extra copy of this letter properly signed and returning it to us.

Yours truly,
WARREN NYE
Vice President, Electrical

Warren Nye:bj

Accepted this 4th day of November, 1966
By V. T. HANLON
East River Electric Power Cooperative, Inc.
As Agent for Lyon-Lincoln Electric Cooperative, Inc.
and Traverse Electric Cooperative, Inc.

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GX-65

FPC ELECTRIC RATE SCHEDULE NO. 161
Filing Date: 9-18-69
Effective Date: 10-1-69

RATE SCHEDULE
OTTER TAIL POWER COMPANY
and
EAST RIVER ELECTRIC COOPERATIVE, INC.
TRANSMISSION SERVICE AGREEMENT

---

OTTER TAIL POWER COMPANY
and
EAST RIVER ELECTRIC COOPERATIVE, INC.

Additional material submitted in connection with filing of Transmission Service Agreement dated June 13, 1969, between

Otter Tail Power Company and East River Electric Cooperative, Inc., in compliance with Section 35.12(b), Federal Power Commission Regulations, Part 35, Filing of Rate Schedules.

1. The Agreement provides for no charge for the services to be provided by either party, therefore, no revenue will be received by Otter Tail. It is not possible to make a reasonable estimate of the power and energy transactions.
2. The amount of equipment to be provided by each party at the points of interconnection was a negotiated factor. Otter Tail provides Transmission Service at Hillhead in exchange for the availability of Emergency Service at Britton.
3. Not applicable – Otter Tail provides no similar exchange of service to another public utility.
4. The equipment to be provided by Otter Tail is shown in Exhibit "B" attached to the Agreement. In addition, Otter Tail will provide a span of 41.6 KV transmission line to make the Britton interconnection.

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## TRANSMISSION SERVICE AGREEMENT

Between

EAST RIVER ELECTRIC COOPERATIVE, INC.

And

OTTER TAIL POWER COMPANY

THIS AGREEMENT made as of June 13, 1969, between EAST RIVER ELECTRIC COOPERATIVE, INC., a cooperative corporation under the laws of South Dakota, herein called "East River," and OTTER TAIL POWER COMPANY, a corporation under the laws of Minnesota, hereby called Otter Tail," WITNESSETH:

WHEREAS, East River desires to establish a connection to Otter Tail's transmission system in the vicinity of Hillhead, South Dakota, known herein as the "Hillhead" connection, for

the purpose of receiving transmission service therefrom, and

WHEREAS, Otter Tail's transmission system is interconnected at several points to the systems of other power suppliers including the Bureau of Reclamation of the United States, herein called the "Bureau," and

WHEREAS, the Parties desire to establish an interconnection between their electric transmission systems in the vicinity of Britton, South Dakota, herein know as the "Britton" interconnection, for the purpose of improving reliability of service on portions of the Parties systems.

NOW, THEREFORE, the Parties hereto agree as follows:

1. CONNECTION OF FACILITIES – HILLHEAD: East River shall install, own, and maintain the Hillhead substation. Switching and protective equipment and understandings pertaining to the Hillhead connection are provided in the Electric Line Connecting Agreement of Exhibit A hereto attached and executed concurrently herewith.

All devices installed by East River for the purpose of regulating voltage from the Hillhead substation shall be installed on the load side of the metering equipment.

2. CONNECTION OF FACILITIES – BRITTON: The ownership of the facilities at the Britton interconnection shall be as shown in Exhibit B attached hereto. The facilities shall be installed by February 1, 1970, or as soon thereafter as reasonably possible.

East River hereby grants to Otter Tail permission to place its structures and equipment necessary for the Britton connection upon the substation property of East River as a consideration of this Agreement and without additional charge therefor.

3. TRANSMISSION SERVICE: Otter Tail agrees to furnish to East River transmission services for the delivery of up to 600 KW to East River's load at the Hillhead connection beginning on October 1, 1969.

A maximum of 3000 KW-years of transmission service may be utilized by East River at the Hillhead connection during consecutive 12-month periods following October 1, 1969. The KW-years of transmission service hereunder shall be determined by the maximum KW demand during each 12-month period beginning October 1 of each year.

Deliveries of electric power and energy to Otter Tail for redelivery at the Hillhead connection hereunder shall be made at the Summit interconnection between the Bureau and Otter Tail. East River shall arrange for delivery to Otter Tail at said point of interconnection, the amount of power and energy delivered to East River at the Hillhead connection plus an additional seven percent (7%) of that amount of power and energy to compensate Otter Tail for transmission losses.

4. EMERGENCY SERVICE: Each party agrees to furnish to the other emergency energy at the Britton interconnection up to such amounts as will not, in the sole judgment of the supplying Party, endanger its facilities or interfere with its obligations to its consumers.

Each of the Parties when receiving emergency service at the Britton interconnection shall through its agreements with the Bureau arrange for the delivery to the other Party of the amount of electric energy so received plus an additional seven percent (7%) thereof as compensation for losses.

5. METERING – HILLHEAD CONNECTION: The delivery of electric power and energy at the Hillhead connection shall be at transmission voltage of approximately 41,600 volts and shall be metered at approximately 12,500 volts and compensated to the equivalent of metering at the delivery voltage by multiplying the registrations by a factor of 1.02 for each transformation to compensate for transformer losses.

East River shall furnish, own, install, read and maintain the meters and metering equipment at the Hillhead connection. The meters shall consist of a recording demand meter and watt-hour meter.

6. METERING – BRITTON: Otter Tail will provide, own, install, read and maintain the meters to register the flow of electric energy at the Britton interconnection at a nominal voltage of 69,000 volts utilizing metering transformers provided by East River.

7. METERING – GENERAL: The meters will be read monthly at times mutually agreed upon and a copy of the reading shall be forwarded to the other Party. Metering records shall be available at all reasonable times to authorized agents and employees of either Party for purposes of this Agreement.

All metering equipment at the aforesaid points of metering shall be maintained by the respective owners thereof. Each Party shall make periodic tests, inspections and adjustments of its meters at its own expense at approximate intervals of twelve months and will advise the other Party promptly of the results of any test showing inaccuracy of more than two percent above or below calibrated standards. Each Party will make additional tests of its meters at the request of the other Party, but the expense of such test will be borne by the Party requesting such test if the meter is found to be within two percent of calibrated standards. Meters shall be left in a correctly adjusted condition after testing. Representatives of any affected Party shall be afforded the opportunity to be present at all routine or special tests. If any test shows that a meter is inaccurate by more than two percent, the meter shall be recalibrated and the readings of such meter previously taken shall be corrected according to the percentage of inaccuracy so found, but no such correction shall extend beyond 60 days previous to the day on which the inaccuracy is discov-

ered by such test. If any such metering equipment at any time fails to register, or if the registration thereof is so erratic as to be meaningless, the power and energy delivered shall be determined from the best information available.

8. POWER FACTOR: East River shall maintain a power factor at the Hillhead substation of not less than 90% leading or lagging; provided that East River may be permitted to operate at a lower power factor if such operation does not impair the full use of Otter Tail's system.

9. COMMON CARRIER: It is specifically understood and agreed that each Party hereto does not dedicate or intend to dedicate its facilities, including those referred to herein, to the common carrying of electric energy for the account and use of the other Party or anyone else. This Agreement is not intended to and shall not create rights on any character whatsoever in favor of any person, corporation, association, or entity other than the Parties, and obligation herein assumed are solely for the use and benefit of the Parties.

10. CONTINUITY OF SERVICE: The delivery of electric power hereunder at the Hillhead connection shall be continuous except for the following:

A. Interruptions or reductions due to uncontrollable forces which, by exercise of due diligence or foresight, could not reasonably have been avoided. The term "uncontrollable forces" shall be deemed to mean any cause beyond the control of the Party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority. The Party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

B. Interruptions or reductions due to operation of devices installed for power system protection.

C. Temporary interruptions or reductions which are necessary or desirable, for the purposes of maintenance, repairs, replacements, installation of equipment or investigation and inspection. Each Party shall give the other Party reasonable advance notice of such interruptions or reductions, except in case of emergency as determined by the Party creating the interruption or reduction, and will remove the cause thereof with all reasonable dispatch.

11. LIABILITY: Each Party shall maintain its own equipment used in the performance of this Agreement, and neither Party shall be responsible to the other for damage to or loss of property, wherever located, unless such damage or loss is occasioned by its own negligence or by the negligence of its employees or agents. In the event of damage to property of third Parties or death of or injuries to persons resulting from the performance of this Agreement, each Party shall be liable for its own negligence and for the negligence of its employees or agents.

12. INDEMNITY: Each Party shall defend, indemnify, and hold harmless the other Party against any and all claims, liability, loss, damage or expense caused by or resulting from the negligent acts or omissions of the indemnifying Party, its employees or agents.

13. DELAYS: Neither Party hereto shall be liable for delays not reasonably within its control, including delays caused by inability to secure or replace materials or supplies necessary to perform the work contemplated herein, nor shall any such delay be deemed a breach of any obligation under this Agreement.

14. DEFAULT: Upon the default of any provision contained by either Party, the other Party shall have the right to suspend delivery of service. Such remedy shall be in addition to any other remedy at law or in equity. No delay by either Party in enforcing any of its rights hereunder shall be deemed a waiver of any of its rights; nor shall a waiver by either Party of the other Party's default be deemed a waiver of any other or subsequent defaults.

15. RIGHT OF ACCESS: Each of the Parties hereto will give authorized agents and employees of the other Party the right to enter its premises at all reasonable times for the purpose of reading or checking meters, for constructing, testing, repairing, renewing, exchanging or removing any or all of its equipment which may be located on the property of the other Party or performing any work incident to rendering service under this Agreement.

16. NOTICES: Any notices, demands or requests, required or authorized by this Agreement, shall be deemed properly given if mailed, postage prepaid, to the Vice President, Electrical, Otter Tail Power Company, Fergus Falls, Minnesota, on behalf of Otter Tail, and to the President, East River Power Cooperative, Inc., Madison, South Dakota, on behalf of East River. The designation of the persons to be notified or the address of such person may be changed at any time by similar notice.

17. ASSIGNMENTS: This Agreement shall not be assigned except with the written consent of the other Party.

18. TERM: This Agreement shall become effective on August 1, 1969, and shall remain in effect until February 1, 1980, and if not then terminated by not less than 24 months prior written notice given by either party to the other, shall continue in full force and effect until so terminated.

19. REGULATION: This Agreement is subject to all present and future applicable regulatory laws and governmental regulatory bodies having jurisdiction thereof.

20. INSEPARABILITY: Each Party to this Agreement acknowledges that each covenant, condition and agreement herein contained is mutually interdependent upon all of the other covenants, conditions and agreements herein contained, and that should any of the terms of this Agreement or any portion thereof be determined to be void, invalid or unenforceable by a court of competent jurisdiction or governmental regulatory agency having jurisdiction, then this entire Agreement between the parties, shall be void and terminated.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and attested by their fully authorized officers as of the day and year first above written.

EAST RIVER ELECTRIC
COOPERATIVE, INC.
By ARTHUR JONES
President

In presence of:
J. Casman
H. E. Karlson

OTTER TAIL POWER COMPANY
By WARREN NYE
Vice-President

John M. West
Enbert L. C. Larson
As to Otter Tail

## EXHIBIT A

## TRANSMISSION SERVICE AGREEMENT
between
EAST RIVER ELECTRIC COOPERATIVE, INC.
and
OTTER TAIL POWER COMPANY

### ELECTRIC LINE CONNECTING AGREEMENT

THIS AGREEMENT, by and between Otter Tail Power Company, a Minnesota corporation whose principal office is Fergus Falls, Minnesota, hereinafter referred to as "Otter Tail" and East River Electric Power Coop Inc., a corporation whose post office address is Madison, South Dakota, hereinafter referred to as the "Customer,"

WITNESSETH, that the parties, in consideration of their mutual covenants and agreements, do hereby agree as follows:

1. Otter Tail is the owner of an electric tranmission line to which the Customer wishes to connect. The estimated revenue to Otter Tail resulting from said connection, however, is not sufficient to justify investment in connecting facilities by Otter Tail. Otter Tail agrees to permit said connection to its line in accordance with the terms of this Agreement concerning ownership of the connecting facilities specified herein and in accordance with the terms of any other Agreement between the parties hereto concerning electric service.

2. The line connection hereunder is located at NE¼, Sec. 34, T. 128 N., R. 54 W, Marshall County, South Dakota.

3. Electric power and energy exchanged at the specified connection shall be three phase alternating current approximately 41,600 volts. If Otter Tail changes said nominal operating voltage level of its line, the Customer, if it wishes to continue said connection, shall at its own expense make such

changes in its system and in connecting facilities, specified under Article 4 hereof, as may be necessary to receive service at such new voltage level.

4. The Customer shall install, own and maintain in Otter Tail's line a junction pole or structure of a design approved by Otter Tail for the purpose of supporting and terminating the lines of the parties and providing for the connection thereof. In addition thereto the Customer shall install, own and maintain switching equipment at the point of connection complete with supporting structures therefore as listed under items a and b below.

a. One gang operated, three-pole air break switch in each of Otter Tail's lines North and South from said point of connection.

b. A gang operated, three-pole air break switch in the Customer's tap line from said point of connection.

c. A three-pole oil circuit breaker in the Customer's tap line from said point of connection.

Said switching equipment shall be of standard make and design with voltage and current ratings approved by Otter Tail. Otter Tail will provide insulation and fittings as required for the support or termination of its lines on the Customer's structures.

5. The Customer shall reimburse Otter Tail for all expenses incurred as a result of this new connection or any preparations therefor. The Customer shall also reimburse Otter Tail for any other line changes or grading necessary.

6. The Customer will, at its own expense, maintain and keep in repair its structures, attachments and equipment. Otter Tail will cooperate in temporarily releasing the use of its transmission lines when possible for normal maintenance of the Customer's equipment connected to said lines. The Cus-

tomer will reimburse Otter Tail for all switching costs including labor incurred for such line switching. Upon request by the Customer, Otter Tail will perform maintenance work on the Customer's electrical installations and equipment specified herein. The Customer shall reimburse Otter Tail for all costs incurred in the performance of such maintenance work, including administrative and general expenses.

7. Operation of the switches specified herein which are located in Otter Tail's transmission lines shall be done only upon specific orders from Otter Tail's system dispatchers at Fergus Falls. Employees of Otter Tail shall have access at all times to operate the Customer's switching equipment specified hereunder. The Customer will operate the switching equipment specified herein without delay when so requested by Otter Tail's dispatchers. No charge shall be made by the Customer to Otter Tail for switching performed hereunder.

8. If the Customer decides to discontinue use of its connection to Otter Tail's line or if the connection is no longer usable in its present location, the Customer shall, at its own expense, remove its property, installed in conformance with this Agreement and restore Otter Tail's line and supporting structures to their original condition or that condition satisfactory with Otter Tail.

9. If Otter Tail shall at any future date discontinue the use of or relocate its transmission line serving the connection specified herein, the Customer, if it wishes to continue to receive service, shall at its own expense, relocate the connecting facilities specified under Article 4 hereof and build the necessary connecting lines to such relocated point of connection as may be agreed between the parties hereto.

10. Each party shall pay any and all taxes levied and assessed on or by reason of their respective properties as specified by this Agreement.

11. Otter Tail does not in any manner warrant or covenant unto the Customer the existence or validity of any easement, franchise or other authorization for the erection, maintenance or repair of the Customer's installations specified herein. The Customer will procure all necessary easements, franchises or authorization required for the construction, operation and maintenance of its structures, wires, equipment, guys or other installations.

12. *Liability.* As to claims for injuries or damages to persons or property resulting or claimed to result from the said jointly used poles or any attachments thereto, the parties hereto shall be responsible in accordance with, and as may be determined by applicable laws. The intent of this provision is that each party shall be liable only for its own property or acts.

13. Otter Tail reserves the right to disconnect service at the point of connection in the event service to the Customer results in trouble on Otter Tail's system such as interruption, grounds, radio or telephone interference, surges or objectionable voltage fluctuations if, after giving notice to the Customer of such trouble the Customer fails to remedy the causes thereof within a reasonable time.

14. Except with the written consent of the other party, neither party hereto shall, directly or indirectly, sell or deliver electric power and energy to any wholesale or retail consumer to which the other party has established electric service and such service is still available.

15. This Agreement shall become effective upon its execution and delivery and shall continue in force and effect for a period to coincide with the effective period of any other Agreement between the parties hereto concerning electric service to the location specified in paragraph 2, or until such time as the connection is no longer usable in said location.

16. The terms and conditions of this Agreement shall extend to and be obligatory upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed by its proper officers this 13th day of June, A.D. 1969.

OTTER TAIL POWER COMPANY
By WARREN NYE
Vice President

Attest:
John M. West
Secretary
Corporate Seal

EAST RIVER ELECTRIC POWER COOPERATIVE, INC. (Customer)
By ARTHUR JONES

Attest:
J. Casman
Secretary
Corporate Seal

* * * * *

(EXHIBIT B omitted in printing.)

* * * * *

GX-67

Contract No. I79r–1592 Supplement No. 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Missouri River Basin Project – Eastern Division
Minnesota, North Dakota, and South Dakota
CONTRACT FOR ELECTRIC SERVICE TO
OTTER TAIL POWER COMPANY

* * * * *

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Missouri River Basin Project – Eastern Division
Minnesota, North Dakota, and South Dakota
CONTRACT FOR ELECTRIC SERVICE TO
OTTER TAIL POWER COMPANY


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[1]

Contract No. I79r–1592
Supplement No. 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Missouri River Basin Project – Eastern Division
Minnesota, North Dakota, and South Dakota
CONTRACT FOR ELECTRIC SERVICE TO
OTTER TAIL POWER COMPANY

1. This Supplemental Contract made this 14th day of June, 1955, in pursuance of the Act of Congress approved June 17, 1902 (32 Stat. 388), the Act of Congress approved December 22, 1944 (58 Stat. 887), and acts amendatory thereof or supplementary thereto, between the UNITED STATES OF AMERICA, hereinafter called the United States, represented by the officer executing this contract, his duly appointed successor, or his duly authorized representative, hereinafter called the contracting officer, and OTTER TAIL POWER COMPANY, a corporation duly organized, created, and existing under and by virtue of the laws of the State of Minnesota, hereinafter called the Contractor, its successors and assigns;

WITNESSETH

2. WHEREAS, the parties hereto have entered into that certain Contract No. I79r-1592, dated March 14, 1950, and Supplement Number 1 thereto, dated February 28, 1952, together hereinafter called the original contract, and it is the desire of the parties hereto to codify, and in certain respects to modify, the arrangements provided in said contract and its supplement, to the extent that these arrangements have not already terminated; and

[2] 3. WHEREAS, the original contract provides, among other things, for the transmission of electric power and energy

of the United States over portions of the transmission system of the Contractor under specified terms and conditions, all as stated therein; and

4. WHEREAS, it is the mutual desire of the parties hereto that the arrangements for such transmission be amended and extended, in relation to the delivery of electric power and energy by the United States to itself or its customers, to include additional portions of the Contractor's transmission system in Minnesota, and to provide more specifically for application of such arrangements to portions of the Contractor's system in South Dakota; and

5. WHEREAS, the United States is entering simultaneously herewith into a contract with Northern States Power Company which, among other things, provides for the delivery of electric power and energy by said company to the Contractor, for further transmission by the Contractor pursuant hereto, and for delivery of power and energy by the Contractor to said company for the account of the United States; and

6. WHEREAS, the Contractor wishes to obtain additional secondary power and energy, and also dump energy, which the United States is willing to supply as provided herein;

7. NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

## TERMINATION OF EXISTING CONTRACT PROVISIONS

8. Supplement No. 1 to Contract No. I79r-1592 is hereby terminated on the effective date of this supplemental contract, and the provisions of this supplement shall supersede the provisions of Articles 6 to 43, [3] inclusive, of said Contract No. I79r-1592 on the effective date of this supplemental contract, the intent being that from and after the effective date of this supplemental contract all arrangements between the parties

previously covered by the provisions of the original contract will cease, except as they may be continued in this supplemental contract.

TERM OF CONTRACT

9. This supplemental contract shall become effective on the date of its execution and, except as otherwise herein provided, shall remain in effect until midnight of December 31, 1976.

[4]

*PART ONE*

*INTERCONNECTIONS AND OPERATING PROCEDURES*

INTERCONNECTIONS

10. (a) Each of the parties hereto will construct the facilities up to the points of interconnection necessary to interconnect their respective systems at each of the substations of the United States constructed or to be constructed in the general vicinity of the communities listed below. These interconnections shall be at the nominal voltages specified below and at the take-off structures of the substations of the United States:

| *Interconnection* | *Location* | *Voltage* |
|---|---|---|
| Rugby | Rugby, North Dakota | 41,800 |
| Devils Lake | Devils Lake, North Dakota | 41,800 |
| Carrington | Carrington, North Dakota | 41,800 |
| Jamestown | Jamestown, North Dakota | 41,800 |
| Edgeley | Edgeley, North Dakota | 41,800 |
| Forman | Forman, North Dakota | 41,800 |
| Washburn | Washburn, North Dakota | 41,800 |
| Rolla | Rolla, North Dakota | 41,800 |
| Fargo 41.8-kv | Fargo, North Dakota | 41,800 |
| Fargo 115-kv | Fargo, North Dakota | 115,000 |
| Granite Falls | Granite Falls, Minnesota | 115,000 |
| Brookings | Brookings, South Dakota | 41,800 |
| Summit | Summit, South Dakota | 41,800 |

An additional interconnection at a nominal voltage of 41,800 volts shall be established at the point at which the Contractor's lines are attached to the 115/41.8-kv substation of Central Power Electric Cooperative at Voltaire, North Dakota; *Provided*, That establishment and continuance of the Voltaire interconnection and delivery of electric power and energy to the Contractor at said interconnection shall be pursuant to the license granted the United States in that certain Contract No. I79r-1593 as supplemented and amended between the United States and Central Power Electric Cooperative, Inc., and are contingent upon the existence of such license, but if the United States acquires or constructs facilities which would permit a direct interconnection between the system of the United States and the system of the Contractor at or near the Voltaire interconnection, the United States may at its option substitute such direct interconnection for that provided herein.

[5] The nominal voltages specified above shall be mutually maintained within the limits of good operating practice by the Contractor and the United States, at each point of interconnection, with each party supplying its share of necessary reactive power for maintenance of such voltage level in accordance with Article 12 hereof. It is the intention of the parties that the Fargo 41.8-kv, Fargo 115-kv, and Granite Falls interconnections will be completed approximately December 1956, and the Summit interconnection at such time as shall later be agreed upon.

(b) The facilities shall be adequate for the transfers of power provided for in this contract, and shall include all protective equipment, including relay, control and communication facilities, as are mutually agreed to be necessary for proper operation under this contract and for system protection against

faults, grounds and other types of system disturbances that originate upon the power system of either party, as dictated by good utility operating practice; *Provided*, That the above equipment will be provided in the substation at the point of interconnection by the party owning that substation.

(c) Should the Contractor make written request therefor, the United States will install and maintain in its Fargo Substation and its Granite Falls Substation, either or both, a 115-kv circuit breaker with related construction, relays, and equipment, which shall be in addition to the circuit breakers for each of the deliveries to the Contractor and Northern States Power Company, to be operated as requested by the Contractor. The Contractor will compensate the United States for the installation, maintenance and operation of each said circuit breaker at the rate of 0.6% per month on the incremental cost, including overhead costs, of installing said circuit breaker and related construction and equipment, over the cost of such substation without said [6] circuit breaker and related construction and equipment, as determined by the contracting officer in accordance with standard Bureau practice in determining the costs of its installation, said payment to begin on the date that the installation is completed and ready for the use of the Contractor, with appropriate proration for fractional billing months. With respect to each of said circuit breaker installations, should the Contractor, subsequent to installation at its request, determine that it no longer requires that installation, it may so notify the United States in writing as to the date it desires termination. In that event the payment required in this section shall cease as of the date of termination, and the Contractor shall pay the United States a termination charge equal to the actual incremental cost, including overhead costs, of such installation, determined as above provided, less 0.275 percent

per month on such cost from the date completed and ready for the Contractor's use until the effective date of termination, and also less the net salvage value of salvageable items after deducting costs of dismantling the installation and removal of salvageable items to storage; *Provided*, That there shall be no salvage value to structural items, the removal of which would deface or impair the soundness of other structural items not part of the said installation.

## POWER AND ENERGY DELIVERIES

11. (a) All deliveries of power and energy by either party hereto to the other shall be scheduled in advance, emergencies excepted, in accordance with procedures agreed upon between the Contractor and the contracting officer. The procedures shall provide for the adaptation of such schedules to the needs of day-to-day operation; *Provided*, That [7] within the reasonable operating capabilities of the electric system of the United States not requiring special facilities, the Contractor shall have the right to vary receipt of electric power and energy as between the respective points of interconnection or any of them so long as service to loads of the United States is not jeopardized thereby. Said procedures shall also specify the conditions under which inadvertent deliveries, which are greater or less than scheduled deliveries, shall be corrected in later deliveries.

(b) Inasmuch as the respective power systems of the parties hereto will both operate in parallel with one or more other power systems, at times a portion of the power scheduled for delivery between any two systems may actually flow through an intermediary power system. In such a situation:

(1) the portion of the power flowing through the intermediary power system will be considered as having been delivered by the scheduled supplier to the scheduled

receiver the same as though the entire scheduled delivery had been made directly by the scheduled supplier.

(2) If, in such a situation:

(i) the United States is the scheduled supplier to a third system and all or a portion of the power so scheduled actually flows through the system of the Contractor, or

(ii) the Contractor is the scheduled supplier to a third system, and all or a portion of the power actually flows through the system of the United States,

[8] then the United States or the Contractor, whichever shall be the scheduled supplier, will compensate the other party hereto for the incremental losses in said other party's transmission system, if any, occasioned by such intermediary power flow through said other party's system, by furnishing said other party, without cost, an amount of energy equal to such losses, such compensatory energy to be scheduled for delivery pursuant to section (a) of this article, *Provided*, That,

(3) The United States will not compensate the Contractor for any losses sustained on the Contractor's system occasioned by the flow of power through the system of the Contractor for delivery to Interstate Power Company or Northern States Power Company;

*Provided*, That this section (b) does not grant either party hereto any right to use the system of the other party as an intermediary in power flows, nor shall consent by either party to such intermediary flow through its system pursuant to the terms of this section (b) create any rights of the other party to the continuance of such flow not elsewhere provided herein or in other contracts, and where and to the extent that such

intermediary flow is objectionable to the party experiencing such flow the parties hereto shall cooperate, and request any other systems operated in parallel with the systems of the parties hereto, and to which either party desires to deliver power, also to cooperate, to prevent such flow from occurring normally and to prevent and minimize inadvertent flows of this character.

[9] REACTIVE POWER

12. (a) The Contractor and the United States will each provide proper and adequate facilities to normally supply all of its own system requirements of reactive power when no deliveries of power and energy are being made under PARTS TWO and THREE hereof. For the purposes of this article, the loads of the United States served from the Contractor's system pursuant to PART FOUR hereof, including the deliveries to Northern States Power Company under the aforementioned contract with said company, shall be considered as part of the system of the United States.

(b) It is the intent of the parties hereto that during periods when the United States is supplying secondary energy and dump energy to the Contractor, either or both, the United States will supply such reactive power therewith as the Contractor may require to the extent the United States, in its determination, has it available for the Contractor. The Contractor will cooperate with the United States by so utilizing its generating units then in operation as to minimize its reactive requirements from the United States or as to supply the United States with reactive power when feasible and desired. The requirements of the Contractor for reactive power or its ability to supply reactive power may be considered by the United States in determining the secondary and dump energy available for the Contractor.

(c) If available, either party may obtain reactive power from the other at any time by mutual agreement.

[10] ACCOUNTING FOR POWER AND ENERGY DELIVERIES

13. The accounting for the power and energy delivered hereunder shall be based on amounts scheduled in advance in accordance with Article 11(a); and the representatives of the parties hereto shall establish procedures for making adjustments for departures of actual deliveries from such advance schedules.

OTHER RULES AND REGULATIONS

14. The contracting officer and the Contractor shall mutually agree upon and put into effect from time to time, such other rules and regulations as may be required in order to establish the methods of operation to be followed in the performance of this contract.

[11] *PART TWO*

*SUPPLY OF ELECTRIC POWER TO CONTRACTOR*

ELECTRIC SERVICE TO BE FURNISHED

15. The United States, under the terms and conditions stipulated herein, will furnish electric power and energy to the Contractor for its own use, at the points of interconnection hereinbefore provided as said interconnections are completed, from and after the dates the United States is ready to furnish such service under this PART TWO. Said electric power and energy will be considered in two classifications, referred to herein as secondary energy and dump energy. All such power and energy will be delivered as three-phrase alternating current at a nominal frequency of sixty (60) cycles per second and within the available capacity of the substation and transmission facilities of the United States to deliver power at individual points.

## DELIVERY OF SECONDARY ENERGY

16. (a) Electric energy supplied under this article will be delivered in amounts which the Contractor may from time to time require up to a maximum rate of delivery of one hundred thousand (100,000) kilowatts, which will be the secondary energy rate of delivery; *Provided*, That the Contractor may from time to time to the extent agreed upon pursuant to Article 11(a), use energy at rates greater than the contract rate of delivery hereinabove set forth, but such greater use shall not be deemed to establish in the Contractor any continuing right thereto, and no agreement hereunder shall prevent the contracting officer from requiring the Contractor to cease any [12] such greater use whenever and for the periods of time requested by the contracting officer.

(b) The Contractor agrees that it will, to the extent of the availability of secondary energy contracted for hereunder, and when economic benefits will result, purchase its system energy requirements in lieu of operating its own fuel-burning generating equipment except that this provision shall not be construed to prohibit the Contractor's use of energy generated as a result of operations not primarily conducted for the production of electric energy or to prohibit generation required because of inability of the Contractor's system to receive and transmit sufficient energy to permit complete substitution of service hereunder for generation in the Contractor's plants.

(c) The United States shall have the right, upon not less than twenty-four (24) hours advance notice from the contracting officer to the Contractor, to withdraw secondary energy by reducing, in whole or in part, the secondary energy rate of delivery provided for herein for such temporary period or periods of time as the contracting officer deems necessary or advisable. The United States also shall have the right, upon not

less than ninety (90) days advance written notice from the contracting officer to the Contractor, to terminate in whole or in part the obligation of the United States hereunder to deliver secondary energy, except that termination in part will only be made in such amounts as are mutually agreed upon.

(d) The electric service, unless otherwise specified, will be furnished continuously except (1) for interruptions or reductions due to uncontrollable forces, as hereinafter defined; (2) for [13] interruptions or reductions due to operation of devices installed for power system protection; and (3) for temporary interruptions or reductions, which, in the opinion of the contracting officer, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The United States, except in case of emergency as determined by the contracting officer, will give the Contractor reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

DELIVERY OF DUMP ENERGY

17. (a) The United States, under the terms and conditions stipulated herein, will furnish dump electric energy to the Contractor at the points of interconnection hereinbefore provided. Said dump electric energy will be furnished when, as, and if available in amounts scheduled by the Contractor pursuant to Article 11(a). The United States reserves the right to reduce or terminate deliveries at any time upon notice to the Contractor's load dispatcher or other authorized representative of the Contractor then on duty, given by telephone or other means, and upon such notice the Contractor shall promptly reschedule its takings to conform to the reduced or terminated availability.

(b) Dump electric energy may be delivered concurrently with secondary energy, as scheduled.

(c) Inasmuch as the price at which dump electric energy is sold by the United States is related to the decremental cost of fuel saved by the Contractor through the use of such electric energy, and the price may be a factor in the determination of the availability of [14] such energy to the Contractor, the Contractor will keep the contracting officer advised at all times, to the extent and in the detail that the contracting officer shall require, of the approximate decremental cost of fuel in each of its generating units, and of the units from which generation is being displaced.

SCHEDULE OF RATES

18. (a) The Contractor shall pay for the secondary energy furnished hereunder in accordance with the rates, charges, and conditions set out in Rate Schedule MRB-S5 attached hereto and made a part hereof; *Provided*, That:

(1) Notwithstanding the provisions of the rate schedule, deliveries of power and energy under this PART TWO at the several points of interconnection specified in Article 10 will be combined for billing purposes; and the billing demand will be determined pursuant to Article 13 as the highest 30-minute rate of delivery of secondary energy during the month.

(2) The secondary service billing demand credit shall be effective, notwithstanding the provisions of the rate schedule, even though the Contractor is not obligated to accept delivery of secondary energy except where economic benefit will result; *Provided*, That unless and until this contract is amended to provide for the sale of firm power to the Contractor, the secondary service billing demand credit shall be deemed to so operate as to pre-

clude a capacity charge to the Contractor in any billing month.

[15] (b) The Contractor shall pay for the dump energy furnished hereunder during any month an amount which shall be equal to eighty-five percent (85%) of the decremental saving in the cost of fuel in the Contractor's generating stations due to the generation avoided therein by the delivery of such dump energy; *Provided*, That, in no event shall the rate for the dump energy supplied during any hour to avoid generation by any units in the Contractor's generating station be in excess of 3 and ½ mills ($0.0035) per kilowatt-hour. The Contractor shall submit to the contracting officer, on or before the 15th day of each month, a statement showing the amount of the decremental saving in cost of fuel applicable hereunder and the amount to be paid by the Contractor for the dump energy supplied during the preceding month. The Contractor shall from time to time furnish the contracting officer with such data as in the opinion of the contracting officer may be required to establish such decremental saving in the cost of fuel.

## ADJUSTMENT FOR FRACTIONAL BILLING PERIOD IN BILLINGS FOR SECONDARY ENERGY

19. For a fractional part of a billing period at the beginning or end of secondary energy service, and for fractional periods due to withdrawals of such service, the kilowatt-hour blocks of the energy charge for secondary energy shall be proportionately adjusted in the ratio that the number of hours that electric service is furnished to the Contractor in such fractional billing period bears to the total number of hours in the billing period involved.

[16] ADJUSTMENTS FOR INTERRUPTIONS TO SERVICE IN BILLINGS FOR SECONDARY ENERGY

20. Adjustments for interruption or curtailment of service other than withdrawals because of conditions on the power system of the United States shall be made in the following manner:

(a) *Energy Charge Adjustment:*

Should the delivery of electric energy be interrupted or reduced below the maximum rate of delivery then in effect or below the rate of delivery required by the Contractor at the time of such reduction, whichever is the lesser, for a period or periods of one (1) hour or longer in duration each, the total number of hours of curtailed service in any billing period shall be determined by adding the sum of the number of hours of interrupted service to the product of the number of hours of reduced service multiplied by the percentage of said reduction below said maximum rate of delivery then in effect or below the rate of delivery required by the Contractor at the time of such reduction, whichever is the lesser. The kilowatt-hour blocks of the energy charge shall each be proportionately adjusted in the ratio that the total number of hours of such curtailed service as herein determined bears to the total number of hours in the billing period involved.

(b) *Claim for Reduction:*

The Contractor shall make written claim, within thirty days after receiving the monthly bill, for adjustment on account of any curtailment to service as specified in subsection (a) of this article for a period or periods of one (1) hour or longer in duration each, alleged to have occurred and which is not reflected in such bill. Failure to make such written claim, within said thirty (30) day period, [17] shall constitute a waiver thereof. All curtailments to service except those pro-

vided for in Article 16(c), which are due to conditions on the power system of the United States, shall be subject to the provisions of this article and the Contractor shall be limited in its remedy therefor to the relief granted by this Article.

RESALE OF ELECTRIC ENERGY

21. The Contractor agrees to pass on to its customers any and all savings which accrue to the Contractor by reason of the purchase of electric energy from the United States hereunder. The Contractor will submit statements of the savings that result to the Contractor by reason of the purchase of electric energy from the United States hereunder and the manner in which such savings have been passed on to ultimate consumers when requested by the Secretary.

MODIFICATION OF RATES

22. The rate schedule specified in Article 18(a) shall be subject to successive modification by the United States through the promulgation of superseding rate schedules. If at any time the United States promulgates a rate schedule superseding the rate schedule then in effect under Article 18(a) of this contract, it will promptly notify the Contractor thereof. Said superseding rate schedule, as of its effective date, shall become effective as to the delivery of secondary energy hereunder unless the Contractor, by notice in writing given to the contracting officer within sixty (60) days after notice to it by the United States of promulgation of said superseding rate schedule, shall elect to terminate PART TWO of this contract effective as of such date not more than three (3) years subsequent thereto as the Contractor shall therein specify. [18] In the event of such termination, said superseding rate schedule shall not be effective during the period of the remaining unexpired term of PART TWO of this contract or during a period of two years from the date of notice to the Contractor

of the promulgation of said superseding rate schedule, whichever period is shorter.

[19]

## *PART THREE*

## *EMERGENCY AND INTERCHANGE SERVICE*

### PURCHASE OF ELECTRIC ENERGY BY THE UNITED STATES

23. Should the United States, for any reason, desire to purchase electric energy from the Contractor at the points of interconnection specified in Article 10 hereof, the Contractor agrees to supply such electric energy as the United States may request or such lesser amount as the Contractor, in its sole judgment, has available for the use of the United States. The United States agrees to pay the Contractor for all such electric energy furnished by the Contractor in each clock-hour at a rate equal to the incremental cost of fuel required to generate the energy supplied, plus 15 percent in addition thereto. The Contractor shall render to the United States an itemized bill for the electric energy delivered to the United States during any calendar month on or before the fifteenth (15th) day of the next following month and such bill shall be due and payable by the United States as soon after receipt thereof as the necessary vouchers can be prepared. The Contractor shall also furnish the contracting officer from time to time such data as in the opinion of the contracting officer may be required to establish such incremental cost of fuel.

### BREAKDOWN OR EMERGENCY SERVICE

24. (a) In the event of a breakdown or emergency on the system of either party, the other party shall make every effort to supply during the period of such breakdown or emergency all necessary power [20] and energy so far as it can do so consistent with its obligations to its other customers, but the supplier shall be the sole judge of its ability to supply such power and energy.

(b) The Contractor shall pay the United States for breakdown or emergency power and energy supplied to the Contractor by the United States at the rate of 4 mills per kilowatt-hour; *Provided*, That, in the event that the United States shall promulgate a rate schedule for secondary energy superseding the rate schedule provided in Article 18(a), the rate per kilowatt-hour which the Contractor shall pay under this section shall be a rate per kilowatt-hour equal to 115 percent of the rate per kilowatt-hour for the first block of the energy charge of such superseding rate schedule as promulgated by the United States and then in effect; *Provided further*, That should the United States, at the request of the Contractor, purchase power and energy from other systems with which it is interconnected in order to supply electric power and energy under this article, the Contractor shall pay for the power and energy so supplied, an amount equal to 115 percent of the cost to the United States for the power so purchased for delivery to the Contractor.

(c) The United States shall pay the Contractor for breakdown or emergency power and energy supplied by the Contractor to the United States in accordance with the rate and conditions set forth in Article 23 hereof; *Provided*, That should the United States request the Contractor to operate units held in cold reserve in order to supply electric power and energy pursuant to this article, the United States will reimburse [21]the Contractor for all direct costs of operating said units plus 15 percent.

## INTERCHANGE OF ENERGY

25. (a) For the purpose of achieving efficient utilization of productive capacity, either party may request surplus or unused energy of the other party, and the other party may, at its sole discretion, deliver such energy to the party making

such request. Such energy shall be credited to the supplier in an interchange energy account. A record of energy interchanges shall be maintained by each party, and no energy deliveries by one party to the other party shall be deemed to be interchange energy unless prior agreement for such delivery has been made between the duly authorized representatives of the parties hereto.

(b) Interchange energy delivered by either party to the other under the terms of this article shall be returned kilowatt-hour for kilowatt-hour at existing points of interconnection at times and at rates of delivery as scheduled pursuant to Article 11.

(c) It is the intent of the parties hereto that interchange energy accounts shall be balanced by return of energy as promptly as circumstances permit; *Provided*, That upon termination of this contract, and by mutual agreement of the parties hereto at any time during the term thereof, the net balance in the interchange account shall be settled by payment to the creditor party at the net value per kilowatt-hour stated in section (d) of this article; *Provided further*, That when accounts remain unbalanced to the same creditor for a period of one [22] year, then that creditor may demand, and upon demand shall receive payment adequate to balance the interchange energy account.

(d) For settlement purposes as provided for in section (c) of this article, interchange energy shall have a net value of 3.5 mills per kilowatt-hour. Bills submitted by the creditor to the debtor shall become payable within thirty (30) days from date of each bill.

[23]

## *PART FOUR*
## *TRANSMISSION SERVICE FOR THE UNITED STATES*
## SERVICE TO BE PROVIDED BY THE CONTRACTOR

26. (a) The Contractor hereby agrees to accept delivery of electric power and energy into its electric transmission system as now or hereafter existing to the extent that the Contractor has available excess capacity in said transmission system, not necessary to serve the Contractor's customers, as determined by the Contractor, or has undertaken to make transmission capacity available pursuant to section (c) of this article, and to deliver an equivalent amount of electric power and energy (adjusted for losses) to the United States for its own use, for delivery to Northern States Power Company pursuant to the transmission service contract between the United States and said Company, or for delivery to the customers of the United States defined in Article 27(c) hereof, at such points as the United States may from time to time designate on the portions of the transmission system of the Contractor having a nominal operating voltage of 34,500 volts or higher which are located in North Dakota and South Dakota, and in Minnesota west of a line on the 94½ degree meridian from the southern boundary of the state to the 46th parallel, and thence northwesterly to the northern state boundary at the 96½ degree meridian, and also from its system near the City of Badger, Minnesota, for redelivery to Border Counties Electric Cooperatives at that point; *Provided*, That by written supplement hereto and under the terms and conditions therein specified, delivery may be made from the system of the Contractor within [24] the same area that is operated at less than 34,500 volts.

(b) In furtherance of this agreement, the Contractor will, upon request of the United States, make the arrangements necessary to permit such connections to the Contractor's system as may be necessary, as determined by the Contractor, to deliver electric power and energy of the United States from said system pursuant to the terms of this PART FOUR: *Provided*, That, at each point of customer delivery hereunder from the system of the Contractor in Minnesota where requested by the Contractor, the United States and/or its customers will provide and maintain oil-circuit breaker switching equipment, or equivalent, adequate for the instantaneous cutting off of electric service at such delivery point; and the United States shall secure for the Contractor adequate right of access to and control of such equipment either by manual operation or through relays installed by the Contractor.

(c) On or before June 30 of 1955 and of each year thereafter, the United States will inform the Contractor in writing of the estimated future requirements by years for the ensuing four-year period of each existing or anticipated load of the United States and of each existing or anticipated customer of the United States (of the classes which the Contractor has undertaken to serve pursuant to Article 27(c)) to which the United States desires, or may desire, the Contractor to deliver power and energy hereunder including amounts to be delivered into the system of Northern States Power Company for delivery over the system of that Company pursuant to the transmission service contract of the United States therewith. [25] Within ninety days after receipt of such estimates the Contractor shall inform the United States in writing whether or not it can deliver the power and energy to meet each load included in said estimates including, specifically, the amounts to be delivered to Northern States Power Company as above men-

tioned. If the Contractor's reply is in the affirmative as to any such load it shall be obligated to make the capacity of its electric system available to serve said load to the extent of said estimates for the entire four-year period, and during said four-year period the United States will not construct and utilize transmission facilities in lieu of utilizing the Contractor's electric system to serve said load. The Contractor will also advise the United States of any contemplated changes in its transmission system during any ensuing four-year period which will affect the ability of the United States or its customers to receive power and energy from the system of the Contractor or which will require changes in substation facilities of the United States or its customers installed for the receipt of power and energy from the system of the Contractor.

(d) If any public regulatory body or other public authority having jurisdiction over the operations of the Contractor finds that the compensation to the Contractor provided in Article 28 is inadequate for the accommodation provided the United States under this PART FOUR with respect to any portion of the Contractor's system, the Contractor may terminate the application of this PART FOUR to said portion of the Contractor's system on written notice from the Contractor to the contracting officer, such termination to become effective on any date [26] specified by the Contractor not less than four (4) years from the date such notice is received by the contracting officer; *Provided*, That the United States, at any time after receipt of said notice from the Contractor terminating the application of PART FOUR hereof, in whole or in part, may terminate this PART FOUR on not less than thirty (30) days' written notice to the Contractor.

(e) If any public regulatory body or commission has or asserts jurisdiction over this PART FOUR or any part there-

of, the Contractor shall promptly apply to such body or commission for an order authorizing the Contractor to carry out the terms thereof, and will, in such event, prosecute the application and any proceedings thereon with due diligence. If such application be denied, then the United States may terminate this PART FOUR on not less than thirty (30) days' written notice to the Contractor. Unless and until so terminated, this PART FOUR shall be inoperative only to the extent the order denying the application provides.

(f) It is understood and agreed that the Contractor, by entering into this contract, does not dedicate or intend to dedicate its facilities to the common carrying of electric energy for the account and use of the United States or anyone else.

## DELIVERIES OF ELECTRIC POWER AND ENERGY

27. (a) The United States, under the terms and conditions stipulated in this PART FOUR, will furnish the electric power and energy required for the United States and/or its customers at the points of interconnection and nominal voltages specified in Article 10 hereof, and at the point or points of interconnection between the systems [27] of the Contractor and Northern States Power Company, and at the nominal voltages of such interconnections, pursuant to the provisions of the contract between the United States and Northern States Power Company hereinbefore referred to; *Provided*, That delivery to Northern States Power Company for redelivery to the Contractor shall be deemed delivery to the Contractor hereunder.

(b) The electric power and energy will be furnished and delivered hereunder as three-phase, alternating current, at a nominal frequency of 60 cycles per second in such amounts and at such rates of delivery as are from time to time required

by the United States for redelivery to itself, Northern States Power Company, and/or its customers, plus losses in transmission equal to seven percent (7%) of maximum coincidental demand and seven percent (7%) of the energy deliveries to loads of the United States and/or its customers served by the United States directly from the system of the Contractor; *Provided*, That except for the deliveries (i) to the Village of Badger, South Dakota, and (ii) to the one existing delivery to Central Power Electric Cooperative at less than 34,500 volts, whenever pursuant to paragraph (1) of the proviso in Article 31(a) delivery is made from the system of the Contractor at less than 34,500 volts, the losses in transmission for which the United States shall supply power and energy pursuant to this article shall be 10% in lieu of the 7% allowed for above; and *Provided further*, That except as otherwise specified in Article 26(c) the electrical load thus added plus the then existing load on the Contractor's facilities will not exceed the normal capacity thereof, as determined by the Contractor. Deliveries that are inadvertently greater or less than requirements to serve the loads and customers of the United States shall be corrected in later deliveries pursuant to Article 11.

(c) The electric power and energy to be delivered by the Contractor to the United States and/or its customers pursuant to this PART FOUR shall [28] be limited to such electric power and energy as is necessary for preference customers (as defined in the Reclamation Law) and Federal establishments:

(1) Which have had monthly maximum demands of 100 kilowatts or more each for three consecutive months in the twelve months immediately preceding the date on which the Contractor is requested to commence service; *Provided*, That reductions in the monthly maximum system demand of any customer after delivery to such cus-

tomer commences hereunder shall not affect the obligation of the Contractor to continue delivery, and

(2) Which are located and use such power and energy outside the corporate boundaries of municipalities wherein the Contractor now serves at retail.

In view of the difficulty of anticipating future facts and conditions, it is understood that if additional loads of the United States or customers of the United States become prospective, the parties hereto will then consider the problem of serving such loads, and the Contractor will advise the United States within ninety (90) days after request whether or not service to such additional loads or customers shall be made available hereunder.

PAYMENT FOR TRANSMISSION SERVICE

28. (a) The United States will compensate the Contractor for the transmission and delivery of electric power and energy to the United States as provided in this PART FOUR, subject to additional compensation as provided in Article 29, in the amount of one mill ($0.001) per [29] kilowatt-hour delivered directly from the system of the Contractor for the account of the United States to loads of the United States and/or its customers under this PART FOUR, which compensation shall include all compensation from the United States to the Contractor for the delivery of power and energy by the Contractor to Northern States Power Company as herein provided, including also compensation for all transmission losses of the Contractor in effecting deliveries to said Company; *Provided*, That in the event that the Contractor purchases energy from any party to which the United States sells energy, any energy so purchased which is transmitted over the facilities of the Contractor by the United States shall be excluded from the transmission service to which the above

rate applies. The Contractor shall render an itemized bill for the amount due hereunder from the United States not later than twenty (20) days after receipt from the United States of the information, as to amounts of energy delivered by the Contractor, that is required for preparation of the bill, and such bills shall be due and payable as soon after receipt as the necessary vouchers can be prepared.

(b) At the request of either party, on or after January 1, 1958, and thereafter at recurring intervals each not less than five years after the last request for reconsideration by either party, the parties hereto shall reconsider the then effective compensation provided for in this article, and, if the parties hereto are unable to agree upon a revised rate of compensation by written supplement hereto completed within six months after the date of said request, the then existing rate shall continue in effect; *Provided*, That, in the event agreement as [30] specified is not reached within the said six-month period, either party may at any time thereafter terminate this PART FOUR by giving written notice of termination not less than four years in advance of the date of termination.

STANDBY-SERVICE FOR THE UNITED STATES

29. While the parties hereto understand that the Contractor does not intend to maintain or construct facilities which will provide guaranteed standby service to the United States, the Contractor may, and in connection with loads in North and South Dakota will, deliver to the United States and/or its customers served from the system of the Contractor under this PART FOUR, at their points of interconnection with the system of the Contractor hereunder, such power and energy as the Contractor has available above its own requirements, as determined by the Contractor, for loads of the United States or customers of the United States being served from the system of the Contractor in the event of inability of the United States to

supply such electric power and energy by reason of a failure or reduction of generation at powerplants of the United States or failure of transmission facilities of the United States. The electric energy so furnished by the Contractor, increased by losses as determined in Article 27(b) to cover the Contractor's losses in transmission, shall be returned by the United States kilowatt-hour for kilowatt-hour under substantially similar load conditions as when delivered, as scheduled pursuant to Article 11; and in addition, for service to loads or customers of the United States served from the Contractor's system in Minnesota only, the United States, except where [31] the standby service is scheduled in advance pursuant to Article 11 hereof by reason of causes of the types specified in Item 3 of Article 16(d) hereof, shall compensate the Contractor for the standby service supplied at the rate of ten cents (10¢) per kilowatt for each kilowatt of maximum 30-minute integrated demand established thereby during each 24-hour period in which outages exist, the initial outage determining the start of the 24-hour period. The maximum integrated 30-minute demand for standby power provided by the Contractor for loads or customers of the United States served from the Contractor's system pursuant hereto, when no single outage in any 24-hour period continues for 30 minutes, shall be taken as the maximum integrated demand in a full 30-minute period resulting from all the interruptions in the 24-hour period when considered as occurring consecutively in one continuous outage. Said compensation will be paid in the manner provided in Article 28(a) hereof. The United States shall also pay the Contractor the charge for transmission service in accordance with the terms of Article 28(a) hereof, the same as though the standby service had been energy furnished by the United States for transmission.

## POWER FACTOR

30. The United States and its customers shall maintain a power factor at the points of delivery from the system of the Contractor pursuant to this PART FOUR of not less than 90 percent leading or lagging; *Provided*, That the United States or its customers may be permitted to operate at a lower power factor when conditions are such, as determined by the Contractor, that a lower power factor will not prevent the Contractor from making full use of its available generating and transmission facilities.

[32] SPECIAL PROVISIONS

31. (a) Notwithstanding the provisions elsewhere appearing in this PART FOUR, the following special provisions shall apply for the period from the effective date of this contract until December 31, 1964; *Provided*, That these exceptions shall not be construed to require the Contractor to serve any load listed in these exceptions if, in the determination of the Contractor, the Contractor does not have transmission capacity to serve said load:

(1) As an exception to the minimum delivery voltage of 34,500 volts generally applicable under Article 26, the United States shall have the right to designate points of delivery to the Village of Badger, South Dakota, to Central Power Electric Cooperative, and to the States of North Dakota and South Dakota and agencies thereof, and to loads as specified in items (ii), (iii), and (iv) of section (2) following, pursuant to Article 26 on the portion of the transmission system of the Contractor in North and South Dakota having nominal voltages of 13,200 volts or higher.

(2) As exceptions to section (c) of Article 27 the electric power and energy to be delivered by the Contractor shall not be limited by said section to exclude deliveries in North and South Dakota to:

(i) Any preference customer which on the effective date of this contract operates a distribution system for the sale of electric energy at retail, and which has a demand of less than 100 kilowatts at the time service is desired.

(ii) Any preference customer operating an irrigation or drainage pumping plant having a demand of less than 100 kilowatts.

[33] (iii) Any Bureau of Reclamation load for its own construction, operation and/or maintenance activities having a demand of less than 100 kilowatts.

(iv) Any customer engaged in the construction, operation, and/or maintenance of hydraulic projects or facilities for the United States having demands of 100 kilowatts or more.

(v) Any load of the State of North Dakota or the State of South Dakota, or agency of either, which is located within the corporate boundaries of a municipality wherein the Contractor now serves at retail, *Provided*, That such load has a maximum demand of 100 kilowatts or more, or of 500 kilowatts or more if the municipality has a population of 2500.

(3) In the event that, pursuant to Article 28(b), agreement is not reached within the 6-month period specified in the proviso to said article, the right of either party to terminate this PART FOUR as it applies to deliveries in North and South Dakota shall not become effective prior to December 31, 1964.

(b) The Contractor has entered into and may in the future enter into contracts for the sale of electric service to prospective customers of the United States in North Dakota and South Dakota to which the United States is privileged to deliver electric power and energy under the provisions of Article 26 hereof and to which firm power was allotted in the memorandum of June 18, 1954, relating to such allotments approved by the

Assistant Secretary of the Interior on that date. The Contractor [34] agrees that if it shall receive notice from the United States prior to January 1, 1956, but not if received at any later date, that the United States has made arrangements or contracts for the provision or sale of electric service to any such prospective customer, such notice to specify the approximate date the United States will initially supply service, which date shall not be less than 30 days subsequent to the date of the notice, it will terminate its contract as of the date of initial service by the United States and furnish a duly authenticated copy of the instrument of cancellation; *Provided*, That the Contractor shall be under no obligation to terminate a contract until and unless the purchaser therein has become current with respect to its obligations thereunder.

[35]

## *PART FIVE*

## *TRANSMISSION SERVICE FOR THE CONTRACTOR*

## USE OF THE FACILITIES OF THE UNITED STATES

32. (a) The United States hereby agrees to accept delivery of electric power and energy into its electric transmission system as now or hereafter existing to the extent that the United States has available excess capacity in said transmission system, not required for its own use or to serve the customers of the United States, as determined by the contracting officer, and to deliver an equivalent amount of electric power and energy (adjusted for losses) to other portions of the Contractor's system at the points of interconnection provided in Article 10, when established, and at such other points on the system of the United States as may be established by supplemental contract; *Provided*, That, when and as the Contractor is authorized under this PART FIVE to interconnect its system with that of the United States at any point, the Contractor

at its own expense shall furnish such equipment and devices, not provided by the United States, as are required in accordance with standards for good utility operating practice; and *Provided further*, That any interconnection so established pursuant to this PART FIVE shall constitute a point of interconnection for all the purposes of the points of interconnection specified in Article 10. In furtherance of this agreement the United States will, upon request of the Contractor, make the arrangements necessary to permit such connections to the said transmission system of the United States as may be necessary, as determined by the contracting officer, to receive and deliver electric power and energy of the Contractor into and from said system pursuant to the terms of this PART FIVE.

[36] (b) On or before June 30 of 1955 and of each year thereafter, the Contractor will inform the United States in writing of the estimated future requirements by years for the ensuing four-year period of existing or anticipated loads of the Contractor to which the Contractor desires, or may desire, the United States to deliver power and energy hereunder. Within ninety days after receipt of such estimate the contracting officer shall inform the Contractor in writing whether or nor it can deliver the power and energy to meet each load included in said estimates. If the reply of the United States is in the affirmative as to any such load, it shall be obligated to make the capacity of its electric system available to serve said load to the extent of said estimates for the entire four-year period. The United States will also advise the Contractor of any contemplated changes in its transmission system during any ensuing four-year period which will affect the ability of the Contractor to receive power and energy from the system of the United States or which will require changes in substation facilities of the Contractor installed for the receipt of power and energy from the system of the United States.

(c) This PART FIVE shall be effective only so long as PART FOUR hereof is effective and shall terminate coincidentally therewith; *Provided*, That if at any time the portion of the system of the Contractor over which the United States may effect deliveries of power pursuant to PART FOUR is restricted under the provisions of Articles 26(c), 26(d) or 28(b), the obligation of the United States to deliver power and energy under this PART FIVE at points of interconnection to [37] the portions of the Contractor's system to which the restriction shall be effective shall be suspended, such suspension to run concurrently with the restriction on deliveries from the Contractor's system.

## DELIVERIES OF ELECTRIC POWER AND ENERGY

33. (a) The Contractor, under the terms and conditions stipulated in this PART FIVE, will furnish the electric power and energy required by the Contractor to be redelivered under this PART FIVE at the points of interconnection and nominal voltages referred to in Article 10 hereof.

(b) The electric power and energy will be furnished and delivered to the United States hereunder as three-phase, alternating current, at a nominal frequency of 60 cycles per second in such amounts and at such rates of delivery as are from time to time required by the Contractor for redelivery to it under this PART FIVE, plus losses in transmission equal to seven percent (7%) of maximum 30-minute coincidental demand and seven percent (7%) of the energy deliveries in such service to the Contractor; *Provided*, That except as otherwise specified in Article 32(b) the electrical load thus added plus the then existing load on the facilities of the United States will not exceed the normal capacity thereof, as determined by the contracting officer. Deliveries that are inadvertently great-

er or less than requirements for redelivery to the Contractor shall be corrected in later deliveries pursuant to Article 11.

## PAYMENT FOR USE OF THE FACILITIES OF THE UNITED STATES

34. (a) The Contractor will compensate the United States for the use of its facilities to effectuate the delivery of electric power and [38] energy to the Contractor as provided in this PART FIVE in the amount of one mill per kilowatt-hour redelivered from the system of the United States to the Contractor.

(b) In the event the compensation to the Contractor under Article 28 hereof is reconsidered pursuant to section (b) of that article, the compensation to the United States under this article shall be similarly reconsidered.

[39]

# *PART SIX*

## *GENERAL PROVISIONS*

## SERVICE UNDER EMERGENCY CONDITIONS

35. When, because of conditions on the power system of either party hereto resulting from causes similar to the types specified in Article 16(d) hereof, the system of the party affected by such conditions is temporarily unable to supply the requirements of its customers and in addition to deliver from its system energy required by loads of the other party, pursuant to PART FOUR hereof or PART FIVE hereof as may be applicable, necessary curtailment of the loads of both parties served from such affected system will be effected in a manner that will cause the least hardship to the entire area affected, without regard to the party serving the customer. General procedures for effecting necessary curtailment shall be agreed upon in advance by the contracting officer and the Contractor.

## MEASUREMENT OF ELECTRIC POWER AND ENERGY

36. (a) The United States will provide and maintain metering equipment to measure the electric power and energy furnished to the Contractor or received from the Contractor at the points of interconnection between the systems of the United States and the Contractor and at the nominal delivery voltages specified for such interconnections. The United States agrees to read all such meters on the last day of each billing period and at such other times as may be required under the operation of this contract and to submit a copy of all readings to the Contractor for its records. The United States will service and [40] maintain charts on all recording meters, and will make such charts available to the Contractor upon request.

(b) With respect to the electric power and energy delivered to the United States or its customers pursuant to PART FOUR hereof:

(i) Such electric power and energy shall be measured at the voltage of the transmission line from which it is delivered to the United States or its customers at or near the points of delivery of such electric power and energy, by metering equipment of a recording type or, as to deliveries in North and South Dakota at the option of the United States, of an indicating type, to be furnished and maintained by the United States or its customers; *Provided*, That such power and energy delivered at any point or points of delivery may, at the option of the United States, be measured on the low-voltage side of substations at or near said point of delivery, in which event the meter readings at said point of delivery will be increased by two percent (2%) in order to compensate for transformer losses, except that if metering equipment automatically

adjusts for transformer losses, the actual readings thus adjusted shall be used; *Provided further*, That if such power and energy delivered at any point of delivery is transmitted an appreciable distance before it is measured, the meter readings at said point of delivery will be increased by an amount to be agreed upon in writing by the parties hereto in order to compensate for transmission losses between the [41] point of delivery and the point of measurement, except where the metering equipment automatically adjusts for such losses.

(ii) The United States or its customers will read all meters on the last day of each billing period and as required at other times in connection with any other service provided hereunder, and a copy of all readings will be furnished to the Contractor for its records.

(c) The meter or meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of the parties hereto shall be afforded reasonable opportunity to be present upon such occasions. The meter or meters shall be tested at least once each year by the party responsible for such meters and at any reasonable time upon request therefor by either party. Any metering equipment found to be defective or inaccurate shall be repaired and readjusted or replaced. Should any meter fail to register, the electric power and energy delivered during such period of failure to register shall, for billing purposes, be estimated from the best information available.

(d) If any of the meter tests provided for herein discloses that the error of any meter or meters exceeds two percent (2%), correction based upon the inaccuracy found shall be made of the records of electric service furnished since the beginning of the monthly billing period immediately preceding the billing period during which the test was made; *Provided*, That no

correction shall be made for a longer period than such inaccuracy may be determined to have existed. Any correction in billing resulting from such correction in meter records shall be [42] made in the next monthly bill rendered and such correction when made shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of meters.

## BILLINGS AND PAYMENTS

37. The United States will submit bills to the Contractor on or before the twenty-fifth day of each month for service furnished during the preceding month hereunder and other compensation due the United States for said month hereunder. Payments will be due and payable by the Contractor on the fifteenth day of the month immediately succeeding the date each bill is submitted.

## NONPAYMENT OF BILLS

38. If the Contractor fails to pay any bill when due an interest charge of one percent (1%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one-half of one percent (½%) of the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including interest, is paid in full. The United States shall have the right upon not less than fifteen (15) days' advance written notice to discontinue furnishing electric service to the Contractor and to suspend deliveries under PART FIVE hereof and the use of the circuit breakers, if any, provided under Article 10(c) hereof, for nonpayment of bills and to refuse to resume same as long as any part of the amount due remains unpaid. The rights given herein to the United States shall be in addition to all other remedies available to the United States, either at law or in equity, for the breach of any of the provisions hereof.

[43] CONTROL AND MAINTENANCE OF CONTRACTOR'S TRANSMISSION SYSTEM

39. (a) The electric transmission system of the Contractor shall at all times be and remain in the exclusive possession and control of the Contractor and this agreement shall not be construed to grant to the United States any rights of ownership in or possession of said electric transmission system. The Contractor shall operate and maintain said electric transmission system in good and satisfactory operating condition.

(b) At points of delivery of power and energy from the system of the Contractor to the United States and/or its customer pursuant to PART FOUR hereof (interconnections with Northern States Power Company excepted) the United States will install, maintain, and operate, or will require its loads, as defined in Article 27 to install, maintain, and operate, such proper service protective equipment as up-to-date electrical engineering practices recognize as necessary and efficient for the purpose of clearing and protecting the Contractor's electric transmission system from the faults, grounds, and other types of electrical disturbances that originate upon the power system of the United States or its customers.

CONTROL AND MAINTENANCE OF TRANSMISSION SYSTEM OF THE UNITED STATES

40. The electrical transmission system of the United States shall at all times be and remain in the exclusive possession and control of the United States and this agreement shall not be construed to grant to the Contractor any rights of ownership in or possession of said electric transmission system. The United States shall operate and maintain said electric transmission system in good and satisfactory operating condition.

[44] EQUIPMENT TO BE SOLD BY THE CONTRACTOR TO THE UNITED STATES

41. The United States agrees to purchase and the Contractor agrees to sell and convey to the United States such parts of the Contractor's installed metering equipment utilized in serving any of the loads of the United States to be served by the United States pursuant hereto which the United States determines that it requires for metering power and energy delivered by the United States to its loads. Any equipment so purchased will be transferred to the United States at the time that the United States initiates the delivery of service to the load of the United States. Payment for said equipment will be in the amount of its installed cost, less depreciation at three and one-half percent (3½%) per annum straight line basis, and will be made by the United States as soon after transfer of the equipment and receipt of an itemized bill therefor as the necessary vouchers can be prepared.

UNCONTROLLABLE FORCES

42. Neither party shall be considered to be in default in respect to any obligation hereunder, if prevented from fulfilling such obligation by reason of uncontrollable forces, the term uncontrollable forces being deemed for the purpose of this contract to mean any cause beyond the control of the party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

[45] COOPERATION OF CONTRACTING PARTIES

43. (a) In addition to the services to be rendered by the Contractor as elsewhere in this contract provided, it is agreed that the Contractor may perform work under this contract as follows:

If, in the maintenance of their respective power systems and/or electrical equipment and the utilization thereof for the purposes of this contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including not to exceed fifteen percent (15%) thereof for administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance.

In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices

to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause. The Contractor [46] further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or raw materials.

(b) No laborer or mechanic, in the employ of the Contractor, doing any part of the work contemplated by this Article, shall be required or permitted to work more than eight hours in any one calendar day upon such work at the site thereof, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this Article. The wages of every laborer and mechanic employed by the Contractor in the performance of any part of the work contemplated by this Article shall be computed on a basic day rate of eight hours per day and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this Article a penalty of five dollars shall be imposed upon the Contractor for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this Article, and all penalties thus imposed shall be withheld for the use and benefit of the United States; *Provided*, That this stipulation shall be subject in all respects to the exceptions and provisions of U. S. Code, Title 40, Sections 321, 324, 325, 325a, and 326 relating to hours of labor and to compensation for overtime.

(c) In the performance of any part of the work contemplated by this contract, the Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

[47]

## TRANSFER OF INTEREST IN CONTRACT BY CONTRACTOR

44. No voluntary transfer of this contract or of the rights of the Contractor hereunder as these relate to the sale of power and energy to the Contractor shall be made without the written approval of the Secretary of the Interior and in the event of such transfer without the consent of the Secretary, the Secretary shall not be required to recognize the same for purposes of PART TWO hereof; *Provided*, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of this contract to the same extent as though such successor or assignee were the original Contractor hereunder; *Provided further*, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this article.

## LICENSE TO THE CONTRACTOR

45. (a) The United States hereby grants the Contractor a license to construct, install, operate, maintain, replace or repair, either or all, upon property of the United States under the administrative control and jurisdiction of the Bureau of Reclamation such facilities as in the opinion of the contracting officer are necessary or desirable for the purposes of this contract. Said license shall remain in effect during the term of this contract and shall expire coincidently therewith. Any [48] facilities so installed by the Contractor pursuant hereto shall be and remain the property of the Contractor, notwithstanding that the same may have been affixed to the premises, and the Contractor shall have a reasonable time after the expiration of said license in which to remove its facilities so installed.

(b) The license shall include the right of the Contractor to operate one or more communication channels over the transmission facilities of the United States if, to the extent that, and for the periods that, such operation does not infringe on the essential requirements of the United States for such channels in the efficient conduct of its own operations, as determined by the contracting officer; *Provided*, That the Contractor shall supply the United States with all capacitors and line wave traps (and spare parts therefor) to be attached to the lines of the United States operated at 69,000 volts or higher that are necessary for the operation of such channels, which equipment will be installed, operated, and maintained by the United States in accordance with the provisions of Article 43(a) hereof.

LICENSE TO THE UNITED STATES

46. The Contractor, upon request from time to time by the contracting officer, will grant to the United States a license or licenses to construct, install, operate, maintain, replace, or repair, either or all, upon the property of the Contractor such facilities as in the opinion of the Contractor are necessary or desirable for the purposes of this contract. The license or licenses so granted shall be in form and of legal sufficiency acceptable to the contracting officer, shall [49] be and remain in effect during the term of this contract, and shall expire coincidentally therewith. Any facilities so installed by the United States pursuant to said license or licenses shall be and remain the property of the United States notwithstanding that the same may have been affixed to the premises, and the United States shall have a reasonable time after the expiration of said license or licenses in which to remove its facilities so installed.

WAIVERS

47. Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in

connection with this contract shall not be deemed to be a waiver with respect to any subsequent default or matter.

## NOTICES

48. Any notice, demand or request required or authorized by this contract shall be deemed properly given if mailed, postage prepaid, to the contracting officer at the address shown on the signature page hereof, on behalf of the United States, except where otherwise herein specifically provided, and to the officer signing for the Contractor at the address shown on the signature page hereof, on behalf of the Contractor. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

## CONTINGENT UPON APPROPRIATIONS

49. Where the operations of this contract extend beyond the current fiscal year, the contract is made contingent upon Congress making the necessary appropriation for expeditures hereunder after such current [50] year shall have expired. In case such appropriation as may be necessary to carry out this contract is not made the Contractor hereby releases the United States from all liability due to the failure of Congress to make such appropriation, and thereupon the Contractor may at its option suspend operations under this contract until notified by the United States that appropriations therefor are again available.

## OFFICIALS NOT TO BENEFIT

50. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise herefrom, but this restriction shall not be construed to extend to this contract if made with a corporation or company for its general benefit.

COVENANT AGAINST CONTINGENT FEES

51. The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the United States shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

[51] IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed the day and year first above written.

THE UNITED STATES OF AMERICA
By: F. M. CLINTON
Title: Regional Director
Bureau of Reclamation
Address: P.O. Box 2130
Billings, Montana

OTTER TAIL POWER COMPANY
By: A. W. MAU
Title: Vice President
Address: 125 South Mill Street
Fergus Falls, Minnesota

(Corporate Seal)
Attest:
HARRY C. JOHNSON
Title: Secretary
(Certificate as to corporate officers omitted in printing.)

GX 83—Third Sheet of Exhibit

Otter Tail Power Company
FPC Electric Schedules

Original Sheet No. 2

## PRELIMINARY STATEMENT AND GENERAL EXPLANATION OF COMPANY'S POLICIES AND PRACTICES

Otter Tail Power Company is an integrated operating electric utility engaged in the business of generation, transmission, distribution and sale of electric energy within portions of the States of Minnesota, North Dakota and South Dakota. The major source of generation is steam generating plants. The Company's general policy and practice is to serve customers at retail within the area served by it. The furnishing of electric service at wholesale is incidental and limited to those wholesale purchasers with whom the Company has contracted for such service. The Company has never held itself out generally to serve wholesale purchasers.

Issued by: C. G. Wright, Vice President.
Effective: November 1, 1947.

GX 84

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA
SIXTH DIVISION

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(Title Omitted in Printing)

ADDITIONAL STIPULATION OF FACTS
SUPPLEMENT NO. 1

Subject to the objection by either party as to materiality of any fact herein contained or included by reference, the following facts may be received in evidence to the same extent as though they were testified to under oath by a person having knowledge thereof. This Stipulation shall not preclude either party from offering evidence amplifying, explaining, or relating to, any of the facts hereby stipulated to.

As used herein, Otter Tail refers to Otter Tail Power Company.

STIPULATIONS RELATIVE TO
ELBOW LAKE, MINNESOTA

1. Otter Tail had served Elbow Lake, Minnesota, and its inhabitants with retail electric service since about 1913.

2. Otter Tail's franchise from the Village of Elbow Lake expired in 1960 and the Village of Elbow Lake declined to renew Otter Tail's franchise at that time.

3. Interest had developed in the Village of Elbow Lake in exploring the possibility of establishing a municipal electric system.

4. Some of the citizens of the Village of Elbow Lake were in favor of continuing with Otter Tail's electric service and were opposed to the establishment of a municipal electric sys-

tem; and some of the citizens of Elbow Lake were in favor of establishing a municipal electric system.

5. On or about September, 1961, the Village Council retained K. B. MacKichan & Associates to prepare an engineering feasibility study of a possible municipal electric system for the Village; and on or about November, 1961, K. B. MacKichan & Associates submitted its engineering report to the Village Council.

6. An election was held in the Village of Elbow Lake, Minnesota, on January 23, 1962, at which the voters of Elbow Lake approved the establishment of a new municipal electric system. The question on the ballot submitted to the voters was:

> "Shall the Village of Elbow Lake construct a plant and system for the generation and distribution of electricity for light, heat and power at a total estimated cost of $715,000, and raise money therefor by the issuance of revenue certificates payable solely from the revenues of the plant and system?"

7. Before and after this election in Elbow Lake, a vigorous publicity campaign was waged between the proponents and opponents of the new municipal electric system. This campaign involved citizens of the Village of Elbow Lake on both sides of the controversy.

8. Before and after this election in Elbow Lake, Otter Tail vigorously opposed the establishment of a new municipal electric system.

9. The campaign and publicity material on both sides of the issue included the following documents:

*For Municipal Power*

A. Flier which commences with the figure of "$1,189,980.81" and is signed by Bert Schultz, Mayor, and Harland Martinson, Councilman.

B. Letter to the Editor signed by Harland Martinson, Councilman, published in the Grant County Herald on November 16, 1961.

C. Letter to the Editor signed by Bert Schultz, Mayor, published in the Grant County Herald on November 30, 1961.

D. Letter signed by G. A. Walwick, published under the heading of "In The Mail Bag," in the Grant County Herald on December 21, 1961.

E. Ad signed by "Volunteer Committee," published in the Grant County Herald on December 21, 1961.

F. Ad signed by "Volunteer Committee," published in the Grant County Herald on December 28, 1961.

G. Ad signed by "Volunteer Committee," published in the Grant County Herald on January 4, 1962.

H. Letters to the Editor, signed, respectively, by Ralph Leis, H. D. Martinson, O. G. Hanson, and Dr. E. A. Dybdal, published in the Grant County Herald on January 4, 1962.

I. Ad signed by "Volunteer Committee," published in the Grant County Herald on January 4, 1962.

J. Ad with a heading "Municipal Power," signed by "Volunteer Committee," published in the Grant County Herald on January 11, 1962.

K. Ad signed by "Volunteer Committee," published in the Grant County Herald on January 18, 1962.

L. Letter to the Editor signed by G. A. Walwick, published in the Grant County Herald on January 18, 1962.

M. An eight-page document which on the first page contains a facsimile of a Sample Ballot for the special election of January 23, 1962, and the heading "Vote Yes

For Municipal Power," and which on page 8 is signed by "The Volunteer Committee."

*Against Municipal Power*

N. Two ads published in the Grant County Herald on January 18, 1962, one signed by "Otter Tail Power Company," and one signed by "Elbow Lake Tax Committee," with the heading "Control."

O. Two ads published in the Grant County Herald on January 18, 1962, one signed by "Otter Tail Power Company," and one signed by "Elbow Lake Tax Committee," with the heading "Why?".

P. A four-page document dated December 1, 1961, addressed to "Mr. J. J. Seashore, District Manager," and signed by "Warren Nye."

Q. A two-page document dated December 4, 1961, addressed to— "TO ALL Elbow Lake Residents."

R. Ad signed by "Otter Tail Power Co." published in the Grant County Herald on January 11, 1962.

S. Four ads published in the Grant County Herald on January 18, 1962, one signed by "Otter Tail Power Company," and three signed by "Elbow Lake Tax Committee."

T. Letter dated January 17, 1962, signed by J. J. Seashore, District Manager.

U. One-page instrument dated January 20, 1962, addressed "TO Elbow Lake Citizens" and signed by "Elbow Lake Tax Committee."

V. Ad signed by Otter Tail Power Company.

W. Fact Book, containing fifteen pages signed by Otter Tail Power Company.

X. Ad published in the Grant County Herald on January 11, 1962, with the heading "How Successful Are The

Village-Owned Electric Plants in Barnesville and Hawley?", signed by "Otter Tail Power Company."

Y. Ad published in the Grant County Herald on January 18, 1962, with the heading "Otter Tail Editorial . . .", signed by "Otter Tail Power Company."

Z. Ad published in the Grant County Herald on January 4, 1962, with the heading "For Family Security . . . How does a Million Dollar Electric Plant compare with a 91 Million Dollar System?", signed by "Otter Tail Power Company."

10. The Village of Elbow Lake constructed the new municipal electric system to furnish the retail electric service in Elbow Lake, the construction of the municipal system being completed in June of 1966, at which time Otter Tail was compelled to cease to provide retail electric service in Elbow Lake.

11. The new municipal electric system in the Village of Elbow Lake secures its supply of electric power and energy from the newly constructed local electric generating plant in Elbow Lake in accordance with the plan for the municipal electric system which was submitted to the voters.

12. Prior to the construction of the new municipal electric system, and in 1964, the officials of Elbow Lake applied for and secured an allocation of firm power from the Bureau of Reclamation.

13. On March 16, 1966, before the completion of the construction of the new municipal electric system, the Village of Elbow Lake commenced a proceeding against Otter Tail before the Federal Power Commission, which proceeding bears FPC Docket No. E-7278, which proceeding is still pending, and the pleadings in which proceeding appear in the files of this case in this Court in connection with a previous Motion

for Continuance, and which pleadings are hereby referred to and incorporated in this Stipulation by reference.

14. The Village of Elbow Lake commenced a private anti-trust action against Otter Tail in this Court, said civil action bearing File No. 6-67-244 in this Court, the trial of which case in this Court has been continued until the completion of the administrative proceedings before the Federal Power Commission and of the judicial review of its Orders, as shown by the file of this Court in said action which is hereby referred to and incorporated in this Stipulation by reference.

## STIPULATIONS RELATIVE TO HANKINSON, NORTH DAKOTA

15. Otter Tail has served Hankinson, North Dakota, and its inhabitants with retail electric service since about 1914.

16. Otter Tail's franchise from the municipality expired periodically and the City of Hankinson declined to renew Otter Tail's franchise in 1951.

17. Subsequent to the expiration of Otter Tail's franchise, and continuing until the City of Hankinson granted Otter Tail a new franchise in 1968 for the term of 10 years, interest developed in the City of Hankinson in exploring the possibility of establishing a municipal electric system.

18. Some of the citizens of the City of Hankinson were in favor of continuing with Otter Tail's electric service and were opposed to the establishment of a municipal electric system; and some of the citizens of Hankinson were in favor of establishing a municipal electric system.

19. On or about August, 1963, the City Council retained consulting engineers to prepare an engineering feasibility study of a municipal electric system; and on or about September, 1963, Maier and Tompt submitted their engineer's report to the City Council.

20. One of the alternatives explored by the proponents of the new municipal electric system in Hankinson was for the City to become a preference customer of the Bureau of Reclamation in the purchase of electric power and energy for the new municipal electric system.

21. The City of Hankinson requested and received an allotment of firm power from the Bureau of Reclamation.

22. An election was held in the City of Hankinson on October 22, 1963, at which the voters of Hankinson approved the establishment of a new municipal electric system.

23. Before and after the election held in 1963, a vigorous publicity campaign was waged between the proponents and opponents of a new municipal electric system.

24. Before and after the election held in 1963, Otter Tail vigorously opposed the establishment of a new municipal electric system.

25. Before and after the election held in 1963, the citizens of Hankinson who were against the establishment of a new municipal electric system, and a group of citizens who identified themselves as the Hankinson Taxpayers Committee (or substantially similar name), vigorously opposed the establishment of a new municipal electric system.

26. Before and after the election held in 1963, the citizens of Hankinson who favored the establishment of a new municipal electric system vigorously supported the proposed new municipal electric system.

27. The campaign and publicity material on both sides of the issue included the following documents:

*For Municipal Power*

A. Flier with the heading "Municipal Power and You!!", which states that it is prepared by "The Citizens

Committee" and urges a vote "Yes!" at the October 22, 1963, election.

B. Flier with the heading "Electric Energy Powwow!", signed "Citizens Committee For Municipal Power."

C. Ad published October 10, 1963, in the Hankinson News prepared by "Citizens Committee For Municipal Power."

D. Flier with the heading "Who Is In The Dark?" signed by "Citizens Committee For Municipal Power."

E. Flier with the heading "You Must Vote Yes Twice!", signed by "Citizens Committee For Municipal Power."

F. Three ads published in the Hankinson News on October 17, 1963, and with the headings, respectively, as follows:

"Misrepresentation,"
"Blackout Or Blackmail,"
"Support Your Council And Mayor,"

in each of which ads it was stated that it is inserted and paid for by "Citizens Committee For Municipal Power."

G. Flier with the heading "Statements And Questions On Hankinson's Future," signed by "Citizens Committee For Municipal Power."

H. Flier with the heading "Who Is Telling Untruths?", signed by "Citizens Committee For Municipal Power."

I. A two-page document with the heading "Otter Tail Power Co. You Are Not Fair . . . Open Letter to Otter Tail Power Co. & Citizens of Hankinson," which does not appear to be signed.

J. A two-page document entitled "Municipal Power And You!!", signed by "Citizens Committee For Municipal Power."

K. A one-page document which begins with the words —"TRUE Or FALSE?" which does not appear to be signed.

L. Ad entitled "This You Can Believe," signed by "Citizens Committee For Municipal Power," published in the Hankinson News on October 17, 1968.

M. Ad with the heading "Opportunity Knocks," which states "Pol. adv. insert. & pd. for by Norman Kissner, Hankinson," published in the Hankinson News on October 17, 1968.

*Against Municipal Power*

N. Ad with the heading "A Statement From Otter Tail," signed by Otter Tail Power Co., and published in the Hankinson News on October 10, 1968.

O. Ad, unsigned, with the heading "What Will You Really Be Voting On . . . In the Hankinson Municipal Election Oct. 22?".

P. Flier dated March 31, 1966, addressed to "Fellow Taxpayer of Hankinson," signed by "Hankinson Taxpayers Committee."

Q. Flier, undated, signed by "Hankinson Taxpayers Committee."

28. In 1968, the controversy between the City of Hankinson and Otter Tail concerning the municipal power issue was resolved, the basis for the settlement being stated in a letter from Otter Tail to the City of Hankinson, dated August 5, 1968, which is reproduced herein as follows:

OTTER TAIL POWER COMPANY

August 5, 1968

Honorable Mayor and City Council
City of Hankinson
Hankinson, North Dakota

Gentlemen:

Otter Tail Power Company is applying for a new franchise to serve the City of Hankinson and its inhabitants with electric service and we wish to continue to render good and reliable service to your City. We also wish to resolve all of the problems that are in existence now to the satisfaction of the City and ourselves.

In consideration of the granting of a 10-year franchise, with an additional 10 years if not terminated at end of the first 10 years, to Otter Tail Power Company and the resolution of all present problems, Otter Tail agrees that it will pay to the City of Hankinson an amount sufficient to pay all proper and reasonable unpaid fees for special attorneys employed by the City, and electrical engineering fees, up to the present time, relating to these problems. In the event there is a dispute as to whether or not the bills for any such fees are proper and reasonable, Otter Tail will undertake to assist the City in negotiating the resolution of any such problems, and will pay the expenses of the City in litigating the proper and reasonable amount of such fees if that be necessary.

Sincerely yours,

ALBERT V. HARTL
President

Albert V. Hartl:a

The City of Hankinson accepted the proposal outlined in the foregoing letter, and the settlement and resolution of all problems was carried out in accordance therewith.

29. As a part of the resolution of the municipal power controversy in Hankinson, the City of Hankinson granted a new franchise to Otter Tail dated September 4, 1968, for a period of 10 years, and dismissed the proceeding before the Federal Power Commission, and dismissed the case the City brought in the United States District Court of North Dakota, and advised the Bureau of Reclamation that the City no longer wanted the allocation of Bureau power.

## STIPULATIONS RELATIVE TO COLMAN, SOUTH DAKOTA

30. Otter Tail had served Colman, South Dakota, and its inhabitants with retail electric service since 1941, the property having been acquired by merger from a predecessor company, which predecessor company had served Colman since about 1920.

31. Otter Tail's franchise from the City of Colman expired in 1959, and the City of Colman declined to renew Otter Tail's franchise.

32. At about that time, interest developed in the City of Colman in exploring the possibility of establishing a municipal electric system.

33. Some of the citizens of the City of Colman were in favor of continuing with Otter Tail's electric service and were opposed to the establishment of a municipal electric system; and some of the citizens of Colman were in favor of establishing a municipal electric system.

34. On or about December, 1959, the City Council retained Buell & Winter Engineering Company to prepare an engineer-

ing feasibility study of a municipal electric system for the City; and on or about April 5, 1960, the engineering firm submitted its engineering report to the City Council.

35. One of the alternatives explored by the proponents of the new municipal electric system in Colman was for the City to become a preference customer of the Bureau of Reclamation in the purchase of electric power and energy for the new municipal electric system.

36. Sioux Valley Empire Electric Cooperative (Sioux Valley) is a cooperative having electric lines proximate to Colman and having its home office at Colman. Sioux Valley secures its supply of electric power and energy from East River Electric Power Cooperative, Inc. (East River), an electric cooperative, and East River in turn secures its supply of electric power and energy from the Bureau of Reclamation and from thermal generating plants of Basin Electric Power Cooperative, Inc., an electric cooperative.

37. The City of Colman obtained an allotment of firm power from the Bureau of Reclamation as a preference customer.

38. There were alternate sources of electric power and energy for the proposed new municipal electric system in Colman.

39. An election was held in the City of Colman on December 13, 1960, at which the voters of Colman approved the establishment of a new municipal electric system.

40. Before and after this election in Colman, a vigorous publicity campaign was waged between the proponents and opponents of the new municipal electric system.

41. Before and after this election, Otter Tail vigorously opposed the establishment of a new municipal electric system.

42. The campaign and publicity material on both sides of the issue included the following documents:

*For Municipal Power*

A. Ad published in the Colman Argus on December 8, 1960, with the heading "Here Are The Facts!", and signed by "The Committee For Electrical Distribution System For The City of Colman, South Dakota."

B. Flier with the heading "More Facts," which does not appear to be signed.

C. A letter dated 1960 addressed to "Dear Citizen," signed by "Committee For Electrical Distribution System for the City of Colman."

*Against Municipal Power*

D. Handbill entitled "We Live in Colman and We Like It Here."

E. Ad published in the Argus on December 8, 1960, signed by Otter Tail Power Company.

F. Ad published in the Colman Argus on July 6, 1961, with the heading "Why Take A Blind Step," signed by "Otter Tail Power Company."

G. Ad published in the Colman Argus on July 13, 1961, with the heading "Costs Going Up? . . . Not the Cost of Electricity," signed by "Otter Tail Power Company."

H. Ad with the heading "Facts To Keep In Mind," signed by "Otter Tail Power Company."

I. Ad published in the Colman Argus on July 20, 1961, with the heading "Colman Families Have A Right To Know—", signed by "Otter Tail Power Company."

J. An eight-page pamphlet with the heading "Let's Look At Both Sides Of An Important Issue Facing Colman Families," signed by "Otter Tail Power Company."

43. In 1965, the City of Colman constructed a new municipal electric system to furnish the retail electric service in Colman, at which time Otter Tail was compelled to cease to provide such service in Colman.

44. The new municipal electric system in the City of Colman secured its supply of electric power and energy through a connection with the electric lines of Sioux Valley Cooperative, which in turn secured power and energy from East River Cooperative, which in turn secured power and energy from the Bureau of Reclamation.

45. After construction of the new municipal electric system in the City of Colman, and at the time of the commencement of its operation in June, 1965, Otter Tail was compelled to cease to provide retail electric service in Colman, and Otter Tail removed its retail distribution system from Colman.

## STIPULATIONS RELATIVE TO AURORA, SOUTH DAKOTA

46. Otter Tail had served Aurora, South Dakota, and its inhabitants with retail electric service since 1941, the property having been acquired by merger from a predecessor company, which predecessor company had served Aurora since about 1916.

47. Otter Tail's franchise from the municipality expired periodically and the Town of Aurora declined to renew Otter Tail's franchise in 1961.

48. At about that time, interest developed in the Town of Aurora in exploring the possibility of establishing a municipal electric system.

49. Some of the citizens of the Town of Aurora were in favor of continuing with Otter Tail's electric service and were opposed to the establishment of a municipal electric system;

and some of the citizens of Aurora were in favor of establishing a municipal electric system.

50. On or about March, 1963, the Town Board retained Smith and Sheen to prepare an engineering feasibility study of a municipal electric system for the Town; and later in the year 1963 Smith and Sheen submitted its engineering report to the Town Board.

51. One of the alternatives explored by the proponents of the new municipal electric system in Aurora was for the Town to become a preference customer of the Bureau of Reclamation in the purchase of electric power and energy for the new municipal electric system.

52. Sioux Valley Empire Electric Cooperative (Sioux Valley) is an electric cooperative with electric lines in the Aurora area. Sioux Valley secures its supply of electric power and energy from East River Electric Power Cooperative, Inc. (East River), an electric cooperative, and East River in turn secures its supply of electric power and energy from the Bureau of Reclamation and from thermal generating plants of Basin Electric Power Cooperative, Inc., an electric cooperative.

53. There were alternate sources of electric power and energy for the proposed new municipal electric system in Aurora.

54. There were three elections held in Aurora relative to the establishment of a new municipal electric system, viz: (a) an election held on September 10, 1963, at which the voters of Aurora did not approve the new municipal electric system; (b) after securing an allotment of power from the Bureau of Reclamation in early 1965, a second election was held on May 18, 1965, at which the voters of Aurora approved the estab-

lishment of a new municipal electric system; and (c) on April 16, 1968, an election was held on the issue of repealing the action of the Town in authorizing bonds for the establishment of the new electric system, at which election the voters of Aurora voted against such repeal.

55. Before and after each of these elections in Aurora, a vigorous publicity campaign was waged between the proponents and opponents of the new municipal electric system.

56. Before and after each of these elections, Otter Tail vigorously opposed the establishment of a new municipal electric system.

57. The campaign and publicity material on both sides of the issue included the following documents:

*For Municipal Power*

A. A letter to the Editor entitled "The Aurora Election" and signed "A booster for Aurora," published in the Brookings Register on October 23, 1968.

B. A nine-page pamphlet, with the heading on the first page of "Keep the Profits in Aurora!", and on the last page the following appears— "(Pamphlet prepared and distributed by the Citizens Committee To Keep The Profits In Aurora, Jim Waples, Chm.)".

C. A page which has the label "Consider The Rates To Be Expected—From Otter Tail"—this page has a page number 6 on it, but we have been unable to find the balance of the pamphlet. This page does not appear to be signed.

*Against Municipal Power*

D. Flier with the heading "Vote Against Approval of Ordinance No. 40," signed by "Otter Tail Power Company."

E. Document consisting of 14 pages with the title on the first page of—"A Report To Our Customers In Aurora, South Dakota—From Otter Tail Power Company."

F. Document consisting of 11 pages with the title on the first page of—"A Look At Aurora's Electric Service!", and with the following statement appearing at the bottom of the last page—"This pamphlet prepared and distributed by Otter Tail Power Company on its own behalf."

G. Flier with the title—"Vote Against Approval of Ordinance 44," and signed by "Otter Tail Power Company."

58. In the year 1968, the Town of Aurora constructed a new municipal electric system to furnish the retail electric service in Aurora, at which time Otter Tail was compelled to cease to provide such service in Aurora.

59. The new municipal electric system in the Town of Aurora secured its supply of electric power and energy through a connection with the electric lines of Sioux Valley Cooperative, which in turn secured power and energy from East River Cooperative, which in turn secured power and energy from the Bureau of Reclamation.

60. After construction of the new municipal electric system in the Town of Aurora, and at the time of the commencement of its operation in July, 1968, Otter Tail was compelled to cease to provide retail electric service in Aurora, and Otter Tail removed its retail distribution system from Aurora.

## STIPULATIONS RELATIVE TO FINLEY, NORTH DAKOTA

61. Otter Tail has served Finley, North Dakota, and its inhabitants with retail electric service since about 1926.

62. Otter Tail's franchise from the City of Finley expired in 1958 and has not been renewed.

63. At about that time, interest developed in the City of Finley in exploring the possibility of a municipal electric system.

64. Some of the citizens of the City of Finley were in favor of continuing with Otter Tail's electric service and were opposed to the establishment of a municipal electric system; and some of the citizens of Finley were in favor of establishing a municipal electric system.

65. On or about June, 1964, the City Council retained Maier and Tompt to prepare an engineering feasibility study of a municipal electric system; and on or about September, 1964, Maier and Tompt submitted their report to the City Council.

66. One of the alternatives explored by the proponents of the new municipal electric system in Finley was for the City to become a preference customer of the Bureau of Reclamation in the purchase of electric power and energy for the new municipal electric system.

67. The City of Finley obtained an allotment of power from the Bureau of Reclamation.

68. There were alternate sources of electric power and energy for the proposed new municipal electric system in Finley.

69. There were two elections held in Finley within the past 15 years relative to the establishment of a new municipal electric system, viz: (a) an election held on April 4, 1960, at which the voters of Finley approved the construction of a new municipal electric system (the ballot did not contain the submission of the question of issuing bonds to finance it); and (b) an

election held on November 17, 1964, at which the voters of Finley voted against the establishment of a new municipal electric system and against the issuance of municipal bonds to finance it.

70. Before and after each of these elections in Finley, a vigorous publicity campaign was waged between the proponents and opponents of the new municipal electric system.

71. Before and after each of these elections, Otter Tail vigorously opposed the establishment of a new municipal electric system.

72. The campaign and publicity material on both sides of the issue included the following documents:

*For Municipal Power*

A. Flier entitled "Cooperation" and signed by "Sheyenne Valley Electric Co-op., Lyle Bryngelson, Mgr."

B. An ad published in the Steele County Press on March 31, 1960, with the heading—"IT DOES MAKE SENSE FOR FINLEY TO GO INTO THE ELECTRIC BUSINESS."

C. Article appearing in the Steele County Press under date of March 24, 1960, entitled "Does Finley Need A Swimming Pool?"

D. Ad published in the Steele County Press on March 24, 1960, with the heading "Do You Know?", with the following at the bottom of the ad—"(This ad sponsored and paid for by Businessmen who are for Municipal Power.)".

E. A document consisting of eight pages with the heading "MUNICIPALLY OWNED ELECTRIC SYSTEM VS. MONOPOLY OWNED SYSTEM," which appears to be unsigned.

F. Ad published in the Steele County Press on March 31, 1960, with the heading "Hope and Sharon Successfully Operate Municipal Electric Systems," signed by "Finley Businessmen."

G. Ad published in the Steele County Press on April 7, 1960, with the heading "To The Voters of Finley," and signed by "The Committee."

H. Article published in the Steele County Press on February 21, 1963, with the heading "Municipal Power?", in which is included a quotation ascribed to "Quentin N. Burdick, U.S.S."

I. Articles appearing in the Steele County Press under date of October 31, 1963.

J. Ad published in the Steele County Press on November 5, 1964, signed by three members of the Finley City Council.

K. Ad published in the Steele County Press on November 5, 1964, sponsored by the same three members of the Finley City Council.

L. Article published in the Steele County Press on 11-5-64, entitled "Municipal Power Is Up For Vote Tuesday, Nov. 17th."

M. Ad published in the Steele County Press on 11-12-64, with the heading—"A Statement From Finley City Council Members On The $340,000 Revenue Bond Issue For A Municipal Electric Utility For Finley," and signed by three members of the Finley City Council.

N. An editorial published in the Steele County Press under date of 11-12-64.

O. Nine-page pamphlet with the heading "Vote—Yes For A Locally Owned Locally Controlled Locally Operated *System.*"

*Against Municipal Power*

P. Flier with the heading—"On Monday, April 4th You As A Voter In Finley Must Decide Its Future," and signed by "Citizens Committee."

Q. Pamphlet containing 12 pages, the first page containing the heading "Facts Regarding The Finley Municipal Election Monday, April 4, 1960."

R. Letter to the voters of the City of Finley, dated November 14, 1964, and signed by J. E. Knudson, Mayor.

S. A letter from Kermont Mickelson, dated October 26, 1964, and addressed to "Dear Joe."

T. A pamphlet containing 12 pages, on the front page of which is contained the following statement "About Your Otter Tail Electric Service;" and the last page of which contains the statement—"This booklet prepared and distributed by Otter Tail Power Company in its own behalf."

U. A flier on which the first statement is "Vote No."

V. Ad published in the Steele County Press on March 24, 1960, with the heading "It Wouldn't Make Sense . . . For Finley To Go Into The Electric Business!". At the bottom of the ad is the following—"Sponsored and paid for by Otter Tail Power Company in their own behalf."

W. Ad published in the Steele County Press on March 31, 1960, with the heading "Important Points To Consider." At the bottom of the ad is the following—"Sponsored and paid for by Otter Tail Power Company in their own behalf."

X. Article appearing in the Steele County Press under date of March 31, 1960, entitled—"Citizens' Viewpoint On Private Enterprise And Government In Business."

Y. Flier with the heading "Voter's Guide Card."

## STIPULATIONS RELATIVE TO SANISH AND VAN HOOK, NORTH DAKOTA

73. Otter Tail Power Company supplied electric power at retail to Sanish and Van Hook, North Dakota.

74. In 1954, both Sanish and Van Hook went out of existence because the site of those two towns was flooded out by the reservoir created by the Corps of Engineers' Garrison Dam.

75. As a result of the flooding, Otter Tail ceased to supply electric service at the previous locations of Sanish and Van Hook on August 3, 1954.

76. The retail electric customers in Sanish and Van Hook (or most of them) moved to a new townsite which was named "New Town." Otter Tail was not successful in retaining the electric retail business to the customers in New Town, and the retail electric service at that site was taken over by a REA cooperative.

## STIPULATIONS RELATIVE TO HONG, NORTH DAKOTA

77. Hong, North Dakota was a town consisting only of a grain elevator and a residence attached to the elevator.

78. Otter Tail supplied electric power at retail to the elevator and the residence.

79. In 1967, the grain elevator in Hong burned down and the attached house was moved. The town of Hong no longer exists.

80. Otter Tail ceased to supply electric power to Hong in February, 1967.

## STIPULATIONS RELATIVE TO DAKOTA CITY, NORTH DAKOTA

81. Dakota City, North Dakota, was a town which was located near the site of what is now the Garrison Dam of the Corps of Engineers. The town was formed primarily to house workers who were employed on construction projects in the area.

82. Otter Tail supplied electric power at retail to Dakota City.

83. Dakota City went out of existence in June of 1962 when construction in the area was completed and all of the residents of the town left. Otter Tail ceased to supply power to the town at that time.

## STIPULATIONS RELATIVE TO WHITE SPUR, NORTH DAKOTA

84. Until 1959, Otter Tail Power Company supplied electric service at retail to three customers in White Spur, North Dakota.

85. On or about March 27, 1959, Otter Tail transferred its customers in White Spur to North Central Electric Cooperative, Inc.

86. On or about May 20, 1959, Otter Tail ceased to supply power to customers in White Spur.

## STIPULATIONS RELATIVE TO WOODWORTH, NORTH DAKOTA

87. Otter Tail had an isolated generating plant and retail distribution system in Woodworth, North Dakota.

88. The Otter Tail generator and distribution system in Woodworth were not connected to the main Otter Tail transmission system.

89. It was not economically feasible for Otter Tail to build a transmission line to connect Woodworth's distribution system to the main Otter Tail transmission system.

90. In 1948, Otter Tail agreed to sell its retail distribution system and other properties in Woodworth to Tri-County Electric Cooperative.

91. At the time of the sale, Tri-County Electric Cooperative had a transmission line near Woodworth.

92. The sale of the Otter Tail distribution system and properties in Woodworth was negotiated with Tri-County Electric Cooperative on a mutually satisfactory basis.

93. Otter Tail officials negotiated the sale in the belief that such a sale would contribute to the general improvement of retail electric service in the Woodworth area.

94. Several citizens of Woodworth petitioned the Public Service Commission of North Dakota not to allow Tri-County Electric Cooperative to replace Otter Tail Power Company as their electric supplier.

95. The aforesaid sale was approved by the Public Service Commission of North Dakota.

96. Otter Tail ceased to provide electric power at retail to Woodworth, North Dakota, on December 1, 1948.

## STIPULATIONS RELATIVE TO GEORGETOWN, MINNESOTA

97. Georgetown, Minnesota, was a retail electric customer of Otter Tail.

98. Otter Tail delivered power to the town over a radial transmission line. Georgetown was at the end of the radial line, and was located sixty miles from Crookston, Minnesota, the nearest administrative and service center.

99. These facts caused difficulty to Otter Tail in providing adequate service to the town.

100. Otter Tail supplied power on a wholesale basis to the towns of Hendrum and Perley, Minnesota, from the aforesaid radial transmission line.

101. In 1951, Otter Tail agreed to sell the radial transmission line between Shelly, Minnesota, and Georgetown, Minnesota, and the retail distribution system in Georgetown to Red River Valley Cooperative Power Association.

102. The sale of Otter Tail properties to Red River Valley Cooperative Power Association was negotiated on a mutually satisfactory basis.

103. Red River Valley Cooperative Power Association was located near Georgetown and by virtue of the proximity of its system to Georgetown was in a better position than Otter Tail to render adequate service to the town.

104. Red River Valley Cooperative Power Association paid Otter Tail approximately $50,500 for the transmission line and the retail distribution system in Georgetown.

105. Otter Tail's contracts to supply Hendrum and Perley with power at wholesale were assigned to Red River Valley Cooperative Power Association in conjunction with the sale of the transmission line to the cooperative.

106. Otter Tail ceased to provide electric power at retail to Georgetown, Minnesota, on May 26, 1951.

The parties also agree as to the foundation for the offering in evidence of the additional documents listed below and copies of which are submitted herewith, it being agreed that the foundation for the offering in evidence of each of said documents is established hereby to the same extent as though each of said documents were properly identified and otherwise

supported as to foundation by testimony under oath of competent witnesses having knowledge thereof. It is further agreed that the copies of each of said documents which are submitted herewith may be offered in evidence in lieu of the originals. The parties reserve the right to object to the receipt in evidence of any of these documents upon grounds other than lack of foundation.

Supplement No. 14 to the Upper Mississippi Valley Power Pool Agreement, dated February 9, 1971; which document is submitted herewith as Exhibit LL.

Transmission Service Agreement between Northern Minn. Power Association, Rural Cooperative Power Association, United Power Association, Northern States Power Company, and Otter Tail Power Company, dated August 17, 1964; which document is submitted herewith as Exhibit MM.

Agreement dated July 1, 1958, between Central Power Electric Cooperative, Inc. and Otter Tail Power Company, together with a letter of clarification dated June 10, 1958, and the approval of the Agreement by the U. S. Department of Agriculture Rural Electrification Administration; which document is submitted herewith as Exhibit NN.

Supplement No. 1 to the Central-Otter Tail Contract referred to above, dated November 12, 1958; which document is submitted herewith as Exhibit OO.

Supplement No. 2 to the Central-Otter Tail Contract, dated February 23, 1961, together with the approval thereof by the U. S. Department of Agriculture Rural Electrification Administration; which document is submitted herewith as Exhibit PP.

Supplement No. 3 to the Central-Otter Tail Contract, dated September 21, 1961, together with the approval thereof by the U. S. Department of Agriculture Rural Electrification Ad-

ministration; which document is submitted herewith as Exhibit QQ.

Supplement No. 4 to the Central-Otter Tail Contract, dated December 15, 1961, together with the approval thereof by the U. S. Department of Agriculture Rural Electrification Administration; which document is submitted herewith as Exhibit RR.

Supplement No. 5 to the Central-Otter Tail Contract, dated April 1, 1963, together with the approval thereof by the U. S. Department of Agriculture Rural Electrification Administration; which document is submitted herewith as Exhibit SS.

Supplement No. 6 to the Central-Otter Tail Contract, dated March 21, 1968, together with the approval thereof by the U. S. Department of Agriculture Rural Electrification Administration; which document is submitted herewith as Exhibit TT.

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It is understood that any of the facts and/or documents included in any of the Stipulations between the parties, which either party desires to offer in evidence, will be formally offered in evidence and that the other party at that time will have the opportunity of specifically objecting to the receipt in evidence of any such Stipulation and/or document upon the ground of materiality; and, without limiting the generality of the foregoing, upon any grounds that have been covered in the Trial Briefs of the parties and will be restated in the record when the evidence is offered.

Dated April 26, 1971.

/s/ KENNETH C. ANDERSON
Attorney for the Plaintiff
CYRUS A. FIELD
Attorney for the Defendant

GX-95

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota 56537
February 26, 1965

The Honorable Mayor
and Village Council
Elbow Lake, Minnesota

Gentlemen:

There seems to be some confusion as to the details of our recent verbal proposals for settlement of our differences. Therefore, we submit them for your consideration.

1. Otter Tail Power Company will reimburse the Village for all expenses incurred by it to date properly related to the municipal plant project.
2. Otter Tail Power Company will have installed a new modern white way system of a design mutually agreeable.
3. Otter Tail Power Company shall promptly improve all other street lighting within the Village.
4. Otter Tail Power Company shall confer with the Village to determine the most favorable application possible of the municipal pumping rate.
5. Otter Tail Power Company will establish a three-man area service crew and construct an area service building within the Village.
6. The Village of Elbow Lake will grant to Otter Tail Power Company a franchise and enter into a mutually satisfactory contract for municipal services.

The above statements, of necessity, are stated in general terms. It is the hope of Otter Tail Power Company that we

will be given the opportunity to negotiate with you a mutually satisfactory settlement.

Yours truly,
ALBERT V. HARTL
President

Albert V. Hartl:a

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GX-107

UNITED POWER ASSOCIATION
Elk River, Minnesota 55330
July 16, 1965

Mr. Albert V. Hartl, President
Otter Tail Power Company
Fergus Falls, Minnesota

Dear Mr. Hartl:

First, may I make it clear, we are not desirous of in any way interfering with the relationship of you or your company with the Village of Elbow Lake.

Mr. MacKichan, who has Elbow Lake as a client and also United and RCPA, stated a few weeks ago that the Village had been considering an arrangement with East River to build a power line and supply the Village with power. The Village evidently does not desire to run its diesel units. At least, they are interested in buying some energy and capacity from somebody else.

Mac asked me if United would be interested in discussing this matter with Elbow Lake and, I presume, in the interest of offering a competitive source to that of East River. I told Mac this would be subject completely to whatever arrangements would be satisfactory to you and your company, that we would first need an indication of interest from the Village

and finally concurrence with Otter Tail for the delivery of power and certainly Otter Tail's approval.

I have enclosed here a copy of an article I am sure you have seen, which has been circulated by East River over a wide area as a reprint of the Grant County Herald. We are willing to discuss this matter with Elbow Lake providing you are willing that your facilities be used in the arrangements for the delivery. If your relationships with Elbow Lake, or others, tempts you to turn down this opportunity to participate in United's deliveries, I assure you this will in no way affect any relationships between United and Otter Tail now or in the future. It is my personal observation that East River or their members will supply the vacuum if Otter Tail and United do nothing about the Elbow Lake request.

I would appreciate your position at your earliest convenience so that we may let Elbow Lake know whether or not we can respond to their letter, copy of which is enclosed.

Yours truly,
UNITED POWER ASSOCIATION
Edward E. Wolter, Manager

EEW/k
enclosures

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GX-108

July 23, 1965

Mr. Edward E. Wolter, Manager
United Power Association
Elk River, Minnesota 55330
Dear Mr. Wolter:

It is my considered opinion that it would not be in the best interests of the electrical industry or any segment of it to

have our facilities used for the wheeling of power to the Village of Elbow Lake. I do hope that you will understand and respect our conclusion in this matter.

I hope to be able to call you on Tuesday or Wednesday, July 27 or 28, and discuss this matter further as there are many facets of this situation which are too lengthy and involved for a statement in a letter.

Kindest personal regards.

Yours truly,
ALBERT V. HARTL
President

Albert V. Hartl:jeb

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GX-117

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota 56537
October 11, 1963

The Honorable Ernest Woytassek
Mayor of the City of Hankinson
Hankinson, North Dakota

Dear Mayor Woytassek:

This will acknowledge receipt of Mr. Healy's letter of October 9 relative to certain statements made by Otter Tail Power personnel to the City Officials of Hankinson.

Otter Tail Power Company has served the City of Hankinson for many years and it is our wish that we do so in the future. We believe our services over the years have been satisfactory and we are ready, willing and able to continue to supply all the needed electrical service in the future.

In answer to the "questions" in Mr. Healy's letter, we affirm all three; namely, Otter Tail Power will not wheel

power for Hankinson, or for Central Power Electric Cooperative, or for the United States Bureau of Reclamation for the City of Hankinson under any circumstances; Otter Tail Power will not stand by with supplemental or stand-by power under any circumstances; and Otter Tail Power's distribution system in Hankinson is not for sale under any circumstances now or in the future.

Yours truly,
WARREN NYE
Vice President, Electrical

Warren Nye:a
cc: Mr. Richard L. Healy

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GX-121

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota 56537
December 4, 1963

The Honorable Ernest Woytassek
Mayor of the City of Hankinson
Hankinson, North Dakota

Dear Mayor Woytassek:

Please be assured that Otter Tail Power Company will attempt to respond promptly and completely to any requests made of us by you or other city officials.

It is a basic policy of our Company to resist the socialization or nationalization of the electric utility industry. The apparent intermediate step of "municipal ownership" is part of the work of these Federal power planners. Consequently, we will not sell, or consider sale, of our distribution system in Hankinson.

We will always discuss contract changes which may be of mutual interest to us and the other party involved. However, in the light of information now available to us, we do not know why we should be interested in termination of our street light contract.

Insofar as the wheeling of energy for the municipality of Hankinson is concerned, I emphatically affirm the answers given to you by Mr. Warren Nye in his letter of October 11, 1963.

If you feel that personal discussion of this situation would be of mutual benefit, I would gladly make myself available at a date convenient for the City Council of Hankinson and me.

Yours truly,
ALBERT V. HARTL
President

Albert V. Hartl:a

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GX-126

Law Offices
FIELD, ARVESEN, DONOHO & LUNDEEN
Fergus Falls National Bank Building
Fergus Falls, Minnesota
January 13, 1965

Richard L. Healy, Esq.
City Attorney
Hankinson, North Dakota
Dear Mr. Healy:

At your request I have reviewed my notes on our January 6 conference and dictated the following:

A. Discussion centered on the contract between Central Power Electric Co-operative, Inc. and Otter Tail Power Company, and the following points were noted.

1. Section 3(a) of this contract, at page 4, provides that the license granted to Central by Otter Tail is only to the extent that Otter Tail has available capacity in its transmission system not required for its own use in supplying Otter Tail's customers, as may be determined from time to time at the sole discretion of Otter Tail.

2. In Section 3(d), at page 9, the compensation due to Otter Tail for exercise of the license by Central shall be in amount sufficient to cover Otter Tail's costs for the service, plus a reasonable return on the property used and useful in furnishing the service. The value of Otter Tail's distribution system and other property in Hankinson would not show a reasonable return if it were replaced by a municipal electric distribution system, and additional compensation might be held to be due to Otter Tail under this provision.

3. The agreement states that the sale of firm power between the parties does not come within the purview of the agreement, both in Section 6, at page 13, and in Section 3(c) of Supplement No. 2.

4. Section 2(g) of Supplement No. 2 refers to and recognizes that both Central and Otter Tail have agreements with the Bureau for transmission and exchange of energy. This indicates the interrelationship of the contract between Central and Otter Tail with the contract between the Bureau and Otter Tail.

5. Except, as at Milnor, Otter Tail has agreed to deliver 1,000 kilowatts of firm power, Otter Tail has the right, at its sole discretion, to determine the amount of power available for delivery at any other delivery point.

6. The contract runs through December 31, 1985.

B. The contract between R.S.R. and Central was the subject of the observation that R.S.R. is entitled to obtain only such power from Central as Central has available, and therefore R.S.R. is not entitled to demand power from Central to serve a municipal system in Hankinson.

C. Hankinson's membership in Basin was mentioned. It was observed that it does not bring a power supply for a municipal distribution system any closer to Hankinson as there is no means of transmitting power to the municipality. Except for its publicity value, it has no practical usefulness.

D. The building of a Bureau line would require a congressional appropriation and prohibitive expense. Furthermore, a Bureau line, or an REA line financed by an REA loan, to Hankinson, would so obviously duplicate existing lines and constitute an open taking of customers who are already receiving central station service from an investor-owned utility that neither of these alternatives should be realistically considered.

E. Service of Hankinson by cooperative electric company would violate basic principles of law, as the customers in Hankinson are already receiving central station service.

I hope that this review will serve to call to mind the various points that were mentioned in our conference and will be useful to you.

Yours very truly,
FIELD, ARVESEN,
DONOHO & LUNDEEN
By .....

David F. Lundeen :af

GX-127

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota 56537
January 7, 1965

Mr. Richard L. Healy
City Attorney
Hankinson, North Dakota

Dear Mr. Healy:

At our conference on January 6, 1965, it was suggested that I write you with reference to certain areas of our discussion.

We are informed that the City of Hankinson is contemplating entering into a contract with R.S.R. Electric Cooperative, Inc., for the purchase of electricity to supply the City and its inhabitants with electric service through the City's contemplated distribution system. Service from R.S.R. would necessarily come from Central Power Electric Cooperative, Inc., and the Bureau of Reclamation, and be "wheeled" over Otter Tail's lines.

As you already know, Otter Tail now has contractual relationships with Central and the Bureau, which, among other things, provide for connections between these suppliers and for cooperation between them in the furnishing of electric service including the transmission of electricity, pursuant to the provisions of those contracts. It is our opinion that these two contracts are interrelated in their purposes and operations, and that it was not the intention of the contracting parties in either of them to use the provisions of the contracts to harm or take away customers of any of the contracting parties. The basic philosophy of the relationships and connections between power suppliers in the area is to cooperate one with the other in supplying adequate electric service to the respective customers of

each of the suppliers, and thus minimize useless investment in the duplication of facilities.

The Bureau - Otter Tail contract contains a provision expressly limiting the transmission (wheeling) service to be provided by Otter Tail to customers located outside the corporate boundaries of municipalities wherein Otter Tail was serving at retail at the time of the entering into of the contract. This contract is dated 1955, is identified as Contract No. 179r-1592, Supplement No. 2; and the particular clause is contained in Part Four and particularly Paragraph 27(c)(2). Otter Tail has served the City of Hankinson and its inhabitants for many years, including the time of entering into the Bureau contract. This provision results in expressly excluding Hankinson from the wheeling provisions of the contract. By implication, and as supported by cross references to the Bureau connection in the Central - Otter Tail Contract, it is our further opinion that it was not the intent of the parties to the Central - Otter Tail Contract that Otter Tail's lines should be used for wheeling electricity to take away an existing customer of Otter Tail.

In addition thereto, the City of Hankinson and its inhabitants are now receiving central station service from Otter Tail, and it is our opinion that the furnishing of electricity by R.S.R. Electric Cooperative, Inc., to the City and inhabitants who are thus already receiving central station service would be in violation of basic principles of law.

Otter Tail desires to continue to serve the City of Hankinson and its inhabitants. We believe our service is ample and our rates are reasonable, and both our service and rates are subject to regulation by the Public Service Commission of the State of North Dakota. I am sure that you and others can readily understand why we will object to the use of our lines or facilities to serve a load which is already receiving

adequate central station service from our Company, and which has been served by our Company for many years. I believe that this position of our Company has been previously stated in our letter dated October 11, 1968, to the Mayor of Hankinson.

Sincerely yours,
WARREN NYE
Vice President, Electrical

Warren Nye:jeb

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GX-171

## A PROPOSAL OF IMPORTANCE TO THE CITY OF COLMAN AND TO EVERY COLMAN CITIZEN

On September 14, P. J. Brewer, Otter Tail Power Company Division Manager, made a proposal to the members of the Colman City Council. In return for a franchise to serve Colman electrically, Otter Tail Power Company would do the following:

1. Reimburse the City of Colman for all of its costs incurred to date in exploring the possibility of a municipal electric system for Colman. This includes *all* costs to date—engineering, legal, advertising, and all costs directly connected with the municipal electric system proposal. It would include the costs of a City Election to approve the Otter Tail franchise.
2. Establish, during 1965, a three-man Area Line Crew in Colman. This would increase the company's work force in Colman from two to five men, and would mean a total Otter Tail payroll in Colman of approximately $35,000 per year.

The new crew will be equipped with the latest available radio-dispatched, hydraulically-operated boom, dig-

ger, winch and aerial basket truck, and would further improve the electric service in the Colman area.

The truck would be garaged in a new $15,000 building to be constructed in Colman. The company's annual tax under present rates would be about $495. With this addition, the company's total annual tax (for city, school district, county and state) would be about $2,000.

Local purchases by the company in Colman because of the new crew (gas and oil, repairs, lumber, hardware, miscellaneous items, etc.) are expected to be about $1,500 annually.

[Sketch]

*This is the type of building Otter Tail will construct in Colman to garage the truck and serve as a warehouse for materials and equipment.*

3. Rebuild and modernize the Colman electric distribution system, and revamp the street lighting system—both the white way and the outlying system.

WHAT YOU CAN DO . . .

Talk to your Councilman. Point out to him that you feel the Otter Tail offer, which will accrue to the benefit of Colman and its citizens in the near future, is much better than the uncertain hope of city profits with the proposed municipal electric system. Do it today! The time is short!

Remember . . . Electric rates have been reduced in Colman on July 1, 1963, and again on July 1, 1964. Further electric rate reductions are very possible in the future.

*This booklet prepared and distributed by Otter Tail Power Company in its own behalf by its local employees, Ken Larson and Jack Colwell.*

GX-182

OTTER TAIL POWER COMPANY

Canby, Minnesota

April 18, 1963

Mr. Wesley P. Smith
Smith and Sheen, Consulting Engineers
P. O. Box 213
Watertown, South Dakota

Subject: Aurora, South Dakota

Dear Mr. Smith:

We have your letter of April 10th asking further questions relative to the Town of Aurora, where you are making a study if Aurora should elect to own and operate a municipal system.

It is the policy of Otter Tail Power Company to cooperate with any authorized agency selected by any of our municipalities and to this end we will gladly supply any answers that you desire.

The first question asked is whether or not the Company would be interested in any sale to the Town of Aurora of our present distribution system. Our answer is a positive and is a historical policy of our Company that there is no distribution system of ours for sale. We do not intend to dispose of our system in Aurora and as such we, of course, have no price to discuss.

Otter Tail Power Company is primarily in the retail distribution system insofar as electricity supply is concerned.

We are not in a position to sell power on a wholesale basis to Aurora or to consider wheeling Bureau power to the town.

Yours very truly,
P. N. La TOURRETTE
District Manager

P. N. La Tourette:na

GX-203

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota 56537
July 29, 1969

Mr. Walter A. Canney
Assistant to General Manager
Power Planning & Marketing
East River Electric Power Cooperative, Inc.
Madison, South Dakota

Dear Mr. Canney:

This letter is in response to your request for clarification of the application of Article 14 of Exhibit A to our Transmission Service Agreement dated June 13, 1969.

Transmission wheeling service on Otter Tail's system, under the Service Agreement, is subject to the limitation that such service shall not be provided to supply service to loads which Otter Tail is presently serving. This limitation is consistent with the limitation under which we have provided similar service to others. Reciprocally, we agree to refrain from serving loads of the wheeling party if such consideration is desired.

It is intended that the application of Article 14 in this case be limited to loads served normally over the proposed Hillhead connection.

Yours very truly,
WARREN NYE
Vice President, Electrical

Warren Nye:dh

FOLDOUT(S) IS/ARE TOO LARGE TO BE FILMED

GX-219

(Muller Dep. Ex. 15)

630 JUN 3 1970

Mr. Ralph Plagman
Town Clerk
Aurelia, Iowa 51005

Dear Mr. Plagman:

This is in response to your letter of May 26 relative to a power supply for the Town of Aurelia.

All long-term firm power from our Project has been allocated or otherwise committed. It might be possible, transmission permitting, to offer you a contract for short-term firm power available through October, 1973 only. We cannot at this time make any commitment beyond that date, and an extension beyond that date could not be included in your planning. We do not consider this would be a satisfactory power source for a new municipal power system and we would not advise your considering it.

Your letter did not indicate how you would propose to receive this power from our service. This may be a further difficulty since our own facilities in Iowa are fully committed and our transmission contract with Iowa Public Service Company is limited in its application.

We regret that we cannot give you a more encouraging response to your inquiry.

Sincerely yours,

H. E. ALDRICH
Regional Director

bc:
Commissioner (In dupl.)

Project Manager, Huron, South Dakota
(w/cy. Incoming letter)

FWMuller:bw 6/2/70

GX-221

(Muller Dep. Ex. 17)

630 MAR 2 1970

Mr. John T. O'Brien
O'Brien, Galvin & O'Brien
Attorneys at Law
916 Grandview Boulevard
Sioux City, Iowa 51101

Dear Mr. O'Brien:

This is in response to your letter of February 23 in respect to a possible request for power service by the City of Sioux City, Iowa.

All our long-term firm power is considered already committed to preference customers, under the Firm Power Allocation made by the Secretary of the Interior on July 3, 1964, and by later actions. We are not at present scheduling any additional power installations. Consequently, an application by Sioux City for long-term firm power could not be given an affirmative response.

We regret that it is not possible for us to be of help at this time.

Sincerely yours,
J. A. BRADLEY
Acting Regional Director

bc:
Commissioner (in dupl.), Attn: 630
Project Manager, Huron, South Dakota, Attn: 600
(w/cy. incoming letter to ea.)
FWMuller:bw 2/27/70

GX-223

(Muller Dep. Ex. 19)

630 MAR 13 1970

Mr. John T. O'Brien
O'Brien, Galvin & O'Brien
Attorneys at Law
916 Grandview Boulevard
Sioux City, Iowa 51101

Dear Mr. O'Brien:

This is in reply to your March 5 letter in further reference to power service to Sioux City.

You requested advice as to whether your assumptions, as set forth in your letter, have validity. As we interpret them, they would not be valid. To clarify the situation, the existing hydroelectric installations in the Missouri Basin above Sioux City are not capable of producing more power until or unless additional generating units are installed in those existing facilities. Although studies are underway to determine feasibility of installing additional generating units for peaking capacity purposes, there are no definite plans or progress for such installations as of this date. Consequently, Sioux City should not anticipate a firm power supply from the Missouri River Basin system for its foreseeable future.

We trust that the foregoing answers the questions which you have posed. If you should have further questions, please feel free to let us know.

Sincerely yours,
J. A. BRADLEY
Assistant Regional Director

bc:
Project Manager, Huron, South Dakota, Attn: 600
(w/cy. incoming letter)
FWMuller:bw 3/13/70

GX-253

(Muller Dep. Ex. 50)

OTTER TAIL POWER COMPANY

Fergus Falls, Minnesota 56537

September 30, 1964

Mr. Harold E. Aldrich, Regional Director
U. S. Department of the Interior
Bureau of Reclamation
Regional Office, Region 6
P. O. Box 2553
Billings, Montana

Subject: Hankinson, North Dakota
Ref: 630

Dear Mr. Aldrich:

I have your letter of August 7, 1964, with reference to serving the load requirements of the City of Hankinson, North Dakota.

The City of Hankinson and its inhabitants are now being served at retail by Otter Tail Power Company. Our service is ample and our rates are reasonable, and our service and rates are subject to regulation by the Public Service Commission of the State of North Dakota.

Otter Tail Power Company has served the City of Hankinson and its inhabitants for many years, including as of the time that Otter Tail's present contract with the Bureau, dated June 14, 1955, was entered into (Contract No. 179r-1592, Supplement No. 2). Under provisions of PART FOUR of that contract and particularly Paragraph 27(c)(2), the Transmission Service (wheeling) to be provided by Otter Tail is limited to customers located outside the corporate boundaries of municipalities wherein Otter Tail then served at retail.

Hankinson is thereby excluded from the wheeling provisions of that Contract.

I am sure that you and others can readily understand why we object to the use of our lines to serve a load which is already receiving adequate central station service from our Company, and which has been served by our Company for many years.

Yours truly,
WARREN NYE
Vice President, Electrical

Warren Nye:jeb

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GX-264

(Muller Dep. Ex. 61)
UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Reclamation
Regional Office, Region 6
P. O. Box 2553
Billings, Montana 59101

In reply refer to:
630 FEB 25 1965

Mr. Warren K. Nye
Vice President, Electrical
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56537

Dear Mr. Nye:

The Village of Elbow Lake, Minnesota, made application for and received an allotment of Federal power under the allocation approved by the Assistant Secretary of the Interior

on June 29, 1964. We are investigating possible methods of service which may be feasible for supplying Bureau power to Elbow Lake. One possible method of service would be the transmission and delivery of Bureau power and energy from your system.

We recognize that deliveries of Bureau power from your system would be contingent upon the availability of excess transmission capacity on your system. We are not asking, at this time, for a commitment of transmission capacity for deliveries to Elbow Lake. We would, however, appreciate your assessment of available excess transmission capacity on your system to deliver approximately 1,200-1,400 kilowatts to the Village in the event this service is requested.

We also recognize that your Company now serves this load at retail. However, your transmission service agreement recognizes that such loads might become prospective loads of the United States and provides that the parties would then consider the problem of serving such loads. Although, as stated above, we are not now requesting transmission service by your Company, we would appreciate any comments you may wish to make regarding Bureau service to Elbow Lake.

Sincerely yours,
H. E. ALDRICH
Regional Director

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GX-265

(Muller Dep. Ex. 62)
OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota
April 14, 1965

Mr. H. E. Aldrich, Regional Director
U. S. Department of the Interior
Bureau of Reclamation
Regional Office, Region 6
P. O. Box 2553
Billings, Montana 59101

Subject: Your File No. 630

Dear Mr. Aldrich:

Your letter of February 25, 1965, inquires as to the possibility of using the transmission facilities of Otter Tail Power Company to wheel Bureau power to the Village of Elbow Lake.

Our agreement with the Bureau (Contract No. 179r-1592, Supplement No. 2) does not contemplate that our facilities will be utilized to bring service from another source to a load that Otter Tail Power Company has been serving adequately. On the contrary, the provisions of PART FOUR, and particularly Paragraph 27(c)(2), expressly limit the obligation of Otter Tail in furnishing transmission service to customers located outside the corporate boundaries of municipalities wherein Otter Tail then served at retail.

Further, we do not believe it was the intention of any of the contracting parties involved in the various interconnections and interrelationships between suppliers in this area that the mutual cooperation thus provided for would be used to substitute electric service from another source for service then being adequately served by any of the contracting parties.

Yours truly,
WARREN NYE
Vice President, Electrical

Warren Nye:jeb

GX-270

(Muller Dep. Ex. 67)

EAST RIVER ELECTRIC POWER COOPERATIVE, INC.

Madison, South Dakota

June 10, 1965

Ref. 630

H. E. Aldrich, Regional Director
United States Bureau of Reclamation
Regional Office, Region 6
PO Box 2553
Billings, Montana 59103

Dear Mr. Aldrich:

In response to your letter of May 26, 1965 concerning wheeling service to Elbow Lake, Minnesota, I am certain we can work out economic and satisfactory wheeling service for this village when we complete a transmisison system in that area.

We have just received approval of an REA loan which included funds for a 41.6KV transmission system out of your Morris substation to serve Traverse Electric Cooperative, Wheaton, Minnesota, an East River member.

The village of Elbow Lake is located about 12 miles from a planned delivery point called Charlesville which will replace the present Wendall substation.

We have not at this time completed design and established a construction schedule, but we shall consider the wheeling requirements of Elbow Lake in our planning, and shall advise you when a definite commitment can be made.

Sincerely,

V. T. HANLON
Manager

VTH:cdt

GX-294

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota 56537
April 14, 1965

Mr. Ralph Bartel, Manager
Central Power Electric Cooperative, Inc.
P. O. Box 1576
Minot, North Dakota

Subject: R.S.R. Hankinson Substation

Dear Mr. Bartel:

I have your further letter of March 29, 1965, with reference to the use of the lines of Otter Tail Power Company to wheel a block of electric power and energy to enable R.S.R. Electric Cooperative to bring electric service to the City of Hankinson. The City of Hankinson and its inhabitants are now being adequately served at retail by Otter Tail Power Company, and have been so served for many years. As we have stated before, our facilities are not to be used to take away this load from us. Our position was stated in our letter of July 24, 1964, to you in this same matter.

The basic wheeling agreement between Otter Tail Power Company and the Bureau of Reclamation (Contract No. 179r-1592, Supplement No. 2) expressly provides in PART FOUR (Paragraph 27(c)(2)) that the Transmission Service (wheeling) to be provided by Otter Tail is limited to customers located outside the corporate boundaries of municipalities wherein the Contractor (Otter Tail) then served at retail. The municipality of Hankinson is thereby excluded from the wheeling obligations of Otter Tail.

Further, we do not believe it was the intention of any of the contracting parties involved in the various interconnections

and interrelationships between suppliers in this area that the mutual cooperation thus provided for would be used to substitute electric service from another source for service then being adequately served by any of the contracting parties.

Yours truly,
WARREN NYE
Vice President, Electrical

Warren Nye:jeb

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GX-295

## MINUTES OF THE REGULAR MONTHLY MEETING OF THE VILLAGE COUNCIL, ELBOW LAKE, HELD SEPT. 8TH, 1952

The Regular Monthly meeting of the Elbow Lake Village Council was held on Monday, Sept. 8th, 1952, convening at 8:00 p.m., being held in the Council Room. The following members were present:

| | |
|---|---|
| Leonard Ledum | L. N. Mohagen |
| N. M. Anderson | Orvin Amundson |
| A. G. Frahm | |

The Clerk then read the minutes of the last regular monthly meeting, there being no corrections or additions, the minutes were approved as read.

The Council then proceeded to examine and audit bills that were presented since the last monthly meeting and on motion by Frahm, seconded by Mohagen, the following bills were approved and ordered paid:

| | |
|---|---|
| John Miller — Painting flag pole | $ 10.00 |
| Grant County Oil Co. — Supplies - fire dept. | 5.80 |
| Burman Company — 500′ soil pipe, 150 lbs. lead | 555.25 |

| | |
|---|---|
| Otter Tail Power Co. — Light & power - Aug. | 326.70 |
| S. D. Entwisle — 5 hrs. tractor driving | 5.00 |
| Carlos Berskow — 146 hrs. truck driving - Aug. | 146.00 |
| Sam Olson — Sand, gravel, bulldozing | 151.12 |
| Donald Cosh, Herman — 17.5 hrs. use of Seaman mixer | 113.75 |
| Grant County — Labor & use of blake - streets | 588.30 |
| Rowdy's Standard Sta. — Gas & Oil - park | 5.28 |
| M. M. Wersal, Rowdy's — Gas & oil - park (June, July) | 3.15 |
| Herald Printing Co. — Printing | 23.80 |
| Farmers Coop Oil Ass'n — Gas & oil - August | 166.48 |
| Lampert Lumber Co. — Street Dept. supplies | 7.73 |
| O.K. Rubber Welders — Tire repair | 3.35 |
| Hoffman Plumbing Co. — 47′ - 1″ copper tubing | 25.19 |
| Jay W. Craig Co. — 16,700 gals. street oil | 2565.00 |
| Detroit Furnace Cleaners — Cleaning two furnaces, chimneys | 40.00 |
| Mickelson Equip. Co. — Mower for park, parts | 181.80 |
| League of Municipalities — Membership dues, 1953 | 60.00 |

Mrs. Anna Halvorson and C. H. Bonrud, representing the Civic & Commerce Association, appeared before the Council and suggested that the Village hire someone to clean up paper, trash, bottles, etc., along the Main Street, so as to improve the appearance of the town. After considerable discussion, including the idea of a clean-up campaign, no definite action was taken.

The Clerk was authorized and directed to place a notice in the local paper prohibiting the burning of rubbish & leaves on tarvia streets.

George Iverson requested a short extension of culvert or tile be placed in the ditch on the front of his property on 2nd Avenue West to prevent any further washing away along the foundation of the building. The street dept. was directed to remedy the situation.

On motion by Frahm, seconded by Mohagen, Robert Scott was hired for a fee of $150.00, with a "no kill, no money" guarantee, to kill off the rats at the local dump. The Council also went on record as recommending to all business places in town that they engage in a vigorous rat eradication campaign.

The notice of the Wheaton regional meeting of all municipal officials to be held Sept. 18th was read to the Council, and all members were urged to attend if possible.

The Clerk was instructed and authorized to issue new cigarette, beer, and pool table licenses to Wyman Schaeffer, Schaeffer Recreation.

The Clerk then presented the following letter from Otter Tail Power Co., addressed to the Honorable Mayor & Village Council, Elbow Lake, Minn., dated Sept. 8th, 1952:

September 8, 1952

To the Honorable Mayor and
Village Council
Elbow Lake, Minnesota
Gentlemen:

It is the sincere desire of Otter Tail Power Company that an amicable settlement be made of our past differences arising from the preparations, on the part of the Village, to construct a municipal plant in Elbow Lake.

To this end, the Company is willing to reimburse the Village for all reasonable and proper expenses incurred in connection with the municipal plant effort in return for proper indication on the part of the Village that it will abandon its efforts to build such electric system.

Specifically, the Otter Tail Power Company makes the following proposal which it believes will accomplish the mutually desired objectives of both the Village and the Company:

1. Otter Tail Power Company will agree to maintain high standards of electric service to the Village of Elbow Lake at rates no higher than its standard rates for communities of like size. All additions necessary to insure such service will be promptly made.
2. Otter Tail Power Company agrees to pay in cash to the Village of Elbow Lake the sum of FOURTEEN THOUSAND DOLLARS, ($14,000.00), in reimbursement of expenses already incurred by the Village incident to establishment of a municipal electric system.

In turn, the Village Council would:

1. Adopt a resolution, generally in the form submitted with this letter, which resolution recites the amicable settlement of past differences and indicates abandonment of plans to build a municipal plant.
2. Execute the release referred to in Paragraph 1 of the above resolution.
3. Enter into a new street light contract for an eight-year term, under our standard rates.

A representative of the Company will be present at your next Council meeting to arrange for execution and delivery of the necessary instruments.

We appreciate the consideration shown by your Council during the recent meetings. It is our sincere hope that these meetings paved the way for a settlement of all our past differences and will insure friendly relationship in the years to come.

Respectfully submitted,
OTTER TAIL POWER COMPANY
ALBERT V. HARTL
Vice President & Treasurer

Albert V. Hartl:c

After considerable discussion, the following resolution was introduced:

RESOLUTION AMICABLY ADJUSTING CLAIMS AGAINST OTTER TAIL POWER COMPANY, AND ABANDONING PLANS FOR A MUNICIPAL POWER PLANT

WHEREAS, The Village of Elbow Lake has paid or incurred various expenses and obligations in connection with the proposed municipal power plant and the litigation relating to the plant, and also the Village has or claims to have several claims and causes of action against Otter Tail Power Company in connection with the proposed plant or growing out of the litigation relating to said plant; and, whereas, it is now the desire of the Village to abandon its plans for a municipal power plant and amicably settle, compromise, and discharge all of its claims and causes of action against Otter Tail Power Co., and by so doing to provide funds to reimburse the Village for the expenses and obligations incurred or paid by the Village, to the extent and as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED, By the Village Council of the Village of Elbow Lake, as follows:

1. In consideration of the sum of $14,000.00 to be paid to the Village of Otter Tail Power Company, a corporation, the Village of Elbow Lake, a municipal corporation, does hereby amicably settle, compromise, and discharge any and all claims and causes of action which the Village has or claims to have against Otter Tail Power Co., a corporation; and upon the payment of said consideration to the Village by the Power Company, the Mayor and Village Clerk are hereby authorized and directed to execute and deliver, on behalf of the Village, and attach the cor-

porate seal of the Village thereto, a good and sufficient release, releasing and discharging any and all such claims and causes of action against the Power Company, its successors and assigns.

2. Also, in consideration of said payment by the Power Company to the Village, and in consideration of the premises and the amicable adjustment of all difficulties between the Village and the Power Co., the Village does hereby, in all things, abandon its plans for a municipal power plant and system.

The foregoing resolution was introduced by Amundson who moved its adoption. The motion for adoption was seconded by Frahm. Upon the roll being called, the Resolution was adopted by the following vote: Ayes: Amundson, Frahm, Mohagen, Anderson, Ledum. Nays: None. Mayor Ledum declared the above motion duly passed this 8th day of September, 1952.

As per the foregoing resolution, the Mayor and Clerk were authorized and directed to enter into the following "Release":

RELEASE IN FULL

THIS AGREEMENT, Made this 8th day of September, 1952, by and between the VILLAGE OF ELBOW LAKE, a municipal corporation, hereinafter referred to as the "Village", party of the first part, and OTTER TAIL POWER COMPANY, a Minnesota corporation, hereinafter referred to as the "Power Company", party of the second part;

WITNESSETH, That the Village, in consideration of the sum of $14,000.00, to it in hand paid by the Power Company, the receipt whereof is hereby acknowledged, does hereby in all things amicably settle and compromise, and fully releases and discharges the Power Company, its successors and assigns, from any and all claims and causes

of action which the Village has or claims to have against the Power Company in connection with the proposed municipal power plant, or growing out of the litigation relating to said plant, including, without limiting the generality of the foregoing, any and all claims and causes of action which the Village has or claims to have by reason of or growing out of the Bonds furnished by the Power Company, and the sureties on such Bonds, in connection with the granting of a restraining order and temporary injunction in the litigation relating to said proposed plant.

It is understood and agreed that the Power Company does not by this settlement admit liability, and that this settlement is a compromise and amicable adjustment and settlement of all difficulties between the Village and the Power Company, and it is the intention hereby to fully release and discharge the Power Company, its successors and assigns, from any and all claims or causes of action which the Village has or claims to have against the Power Company.

IN TESTIMONY WHEREOF, This release has been duly executed by the Mayor and Village Clerk, and the corporate seal of the Village has been hereunto affixed, as duly authorized by Resolution duly passed and adopted by the Village Council of the Village of Elbow Lake.

THE VILLAGE OF ELBOW LAKE
A Municipal Corporation
By Leonard E. Ledum, Mayor

Attest: Irvin Amundson, City Clerk
(Corporate Seal, Village of Elbow Lake)

On Motion by A. G. Frahm, seconded by L. N. Mohagen, and when the roll was called, all members of the Council voting in favor of same, the following Municipal Contract for pump-

ing & street lighting was entered into with Otter Tail Power Company, effective September 8th, 1952 and expiring July 31st, 1960, at certain rates and charges set forth as follows, which are their standard rates for Class "B" towns.

MUNICIPAL CONTRACT

1. THIS AGREEMENT, made this 8th day of September, 1952, by and between the Otter Tail Power Company, a Minnesota corporation, hereinafter called the Power Company, and the Village of Elbow Lake, Minnesota, hereinafter called the Municipality, WITNESSETH:

2. That, in consideration of the payments to be made and the mutual covenants herein contained and subject to the terms and conditions of this contract, the Power Company agrees to supply municipal electric services to the Municipality, and the Municipality agrees to take and use the services, all as hereinafter specifically set forth.

3. This contract shall go into effect September 8th, 1952, and shall remain in effect until July 31, 1960.

*Street Lighting*

4. The Power Company agrees to own and operate an overhead street lighting system in Elbow Lake, Minnesota, consisting of brackets and incandescent lamps.

5. The Municipality shall have the right to erect and maintain at its own expense a white way system of street lighting, in which case it will retain ownership, and maintain the system including renewals of lamps and globes as may be required. Such white way system when erected shall be complete with cables, terminal boxes, and contactors, ready for connection to the Company's supply source.

The Power Company shall supply the necessary meter (or meters), the time switch, or photo-electric control

equipment, and make the final connection to its supply system. The Power Company shall supply the necessary energy (electric current) to light such white way.

6. On the date that this contract goes into effect, the overhead and white way installations shall consist of the following lamps:

| | Fixed Charge each |
|---|---|
| Overhead System: | |
| 63 lamps of 60 watts each 4 ft. | 1.00 |
| 9 lamps of 75 watts each 4 ft. | 1.00 |
| 10 lamps of 100 watts each 4 ft. | 1.00 |
| 18 lamps of 150 watts each 4 ft. | 1.00 |
| 5 lamps of 200 watts each 4 ft. | 1.00 |
| Whiteway System: | |
| 37 posts of 150 watts each | |

7. The Municipality agrees to pay for the overhead and white way lighting provided under this contract, and the electric energy used therefor, at the following schedule of rates:

Fixed Charges per Lamp per Month for Overhead System if Lamp Renewals are by the Municipality:

| Size of Bracket | With Open Reflector | With Enclosed Luminaire |
|---|---|---|
| 4 Ft. Bracket | 75¢ | 90¢ |
| 8 Ft. Bracket | 80¢ | 95¢ |
| 12 Ft. Mast Arm | $1.00 | $1.15 |
| 16 Ft. Mast Arm | 1.05 | 1.20 |
| Center Suspension Fixture | 1.25 | 1.40 |

No fixed charge for white way system owned by municipality.

Add 25¢ per lamp per month if renewals are by the Power Company.

Plus Energy Charge:

All electric energy used from dusk to midnight—3¢ per KWH net

All electric energy used from midnight to dawn—1½¢ per KWH net

Provided that the Power Company may, at its option, bill one-half of the energy used each month at the rate of 3¢ per KWH and the other half of the energy used at 1½¢ per KWH, or the Power Company may install double schedule metering equipment so as to measure the amount of energy used from dusk to midnight and from midnight to dawn.

Minimum Monthly Charge:

For each overhead fixture and white way post—$1.00 per month net.

It is agreed that the number and size of lamps shall not be reduced to less than sixty per cent of the total in paragraph 6 of this agreement unless by mutual consent of the parties to this agreement.

8. All renewals of incandescent bulbs in the overhead street lighting system shall be made by and at the expense of the Power Company.

*Municipal Pumping*

9. The Power Company agrees to furnish electrical energy to operate motor driven pumps at the Municipality's present pumping plant in accordance with the terms and conditions as set forth in this agreement.

10. The current to be supplied by the Power Company for municipal pumping shall be 220 volts, 3 phase, and 60 cycles approximately.

11. The Municipality will pay for all electrical energy used for municipal pumping at the following rate:

2¢ per KWH net, except

4¢ per KWH net, for all current used between the hours of 8:00 AM to 12:30 PM and 4:30 PM to 9:00 PM.

Monthly Minimum Charge:

| | |
|---|---|
| 4 H.P. (or less) connected | $2.00 net per month |
| 5 H.P. to 20 H.P. incl. | .50 net per H.P. per month |
| Excess H.P. connected | .25 net per H.P. per month |

12. The motors for which current is to be supplied are as follows:

1 - 15 H.P. Motor - pump

1 - 20 H.P. Motor - pump

2 - 2 H.P. Motors - sewage lift

The above motors are the property of the Municipality and are located on the following described land:

*General Provisions*

13. It is mutually understood and agreed that the Power Company will not be required to extend its lines to furnish service where the revenue is not commensurate with the expense involved, and as a measure of this expense extensions shall be made whenever the annual gross revenue for three years equals the cost of extensions.

14. The Power Company shall use due diligence and care in maintaining service, but shall not be liable for loss or damage arising from failure, either partial or total of the service from any cause, but this shall not be construed to exempt the Power Company from liability for negligence.

15. The Power Company may at any time suspend the furnishing of service under this contract for the purpose

of making repairs or improvements in any part of its generating, transmitting, or distributing systems, but all such changes and repairs shall be made promptly and service shall be restored.

16. Strikes, whether of their own employees or of others, which substantially affect their ability to perform this contract, differences with employees, accidents to machinery, lines or apparatus, fire, flood, drought, car famine, war, or any other unusual conditions or other contingencies beyond their control, shall during the existence of any of said causes excuse the Power Comany from the performance of this contract.

17. The electrical energy shall be measured by a meter (or meters) installed by and at the expense of the Power Company at a convenient point; and the Municipality agrees to pay for all electrical energy used, as recorded by the watthour meter (or meters) installed at the rates provided in this contract. The Municipality agrees to provide a suitable location for any meters to be installed on its premises.

In case the watthour meter (or meters) fails to properly record the energy used, an equitable charge will be made for the energy used during the period in question and shall be based on a comparison of energy used during the period in question and on a comparison of energy used during other similar periods.

18. Bills for service shall be due when rendered. Bills become delinquent after ten days from date of the bill and the Power Company reserves the right to discontinue the service for nonpayment of the bills.

19. The Municipality, in consideration of the covenants and agreements to be kept and performed by the Power Company hereby agrees to take and use all elec-

trical energy required by the Purchaser for municipal services in the manner above set forth and pay for the same at the rates and time hereinbefore provided.

20. All previous agreements, if any, between the parties hereto, covering the subject matter hereof, are hereby cancelled and terminated as of the effective date specified in paragraph 3 of this agreement.

21. IN WITNESS WHEREOF, the respective parties hereto have caused this agreement to be executed by their proper officers thereunto duly authorized, and the same shall be equally binding upon the respective parties and each of their successors and assigns.

OTTER TAIL POWER COMPANY
By Albert V. Hartl, Vice President

In presence of:
Rolf Christianson

Municipality:
VILLAGE OF ELBOW LAKE, MINNESOTA
By Leonard E. Ledum, Mayor
By Irvin Amundson, Clerk

In presence of:
A. G. Frahm
L. N. Mohagen

Village Attorney I. L. Swanson was authorized and directed to immediately secure releases on all contracts concerning the proposed municipal power plant.

On motion duly passed, the Council decided to construct a new sidewalk from the Fire Hall and west to 1st Avenue East, the work to be done on a time and materials basis.

On motion of N. M. Anderson, seconded by Frahm, and carried unanimously, the Village Clerk was instructed to call for bids for one new, two ton truck as follows:

CALL FOR BIDS

Sealed proposals will be received by the Village Council of the Village of Elbow Lake, Minnesota up to 8:00 P.M. October 6th, 1952 for the following described equipment:

One new two-ton truck, chassis & cab, short wheel base (130" to 138") with 2-speed rear end, 8:25 duals on rear, 7:50 on front, power take-off, hot water heater, dual windshield wipers, turn signals, oil filter.

Bids to take into consideration the trade-in of the following described truck: 1946 model Ford 1½-ton 132" W. B. with power take-off and hot water heater. Can be seen at local Fire Hall.

Proposals must be accompanied by certified check payable to Village Treasurer, Elbow Lake, for at least 5% of bid. The Council reserves the right to reject any or all bids.

VILLAGE COUNCIL OF
ELBOW LAKE, MINNESOTA
Orvin Amundson, Clerk

28-29

On motion by Mohagen, seconded by Frahm, and approved unanimously, the following Resolution was adopted:

RESOLVED by the Village Council of Elbow Lake that the following levies be made for the year 1953 and that the Clerk be and is hereby instructed to so report to the County Auditor:

| | |
|---|---|
| General Purposes - - - - - - - - | $11,500. |
| Firemen's Relief - - - - - - - - | 500. |
| Poor Fund - - - - - - - - - - | 2,500. |
| Library - - - - - - - - - - - | 600. |
| Bonds & Interest - - - - - - - - | 2,100. |
| Road & Bridge, incl. Improvements - | 4,200. |
| Total | $21,400. |

The above amounts to be so figured as to not change the tax mill rate from the previous year.

There being no further business, the meeting adjourned.

LEONARD E. LEDUM
Mayor

Attest:
Irvin Amundson, Clerk

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GX-306

BASIN ELECTRIC POWER COOPERATIVE
Suite 624, Provident Life Building
316 North Fifth Street
Bismarck, North Dakota 58501
March 29, 1971

Mr. Harlan D. Martinson, Secretary
Power Commission
Elbow Lake, Minnesota 56531

Dear Mr. Martinson:

On March 26, 1967, you made inquiry to Basin Electric Power Cooperative as to whether or not Basin Electric could furnish firm power and energy to the City of Elbow Lake, at wholesale. On April 28, 1967, we responded that the Cooperative could and would deliver electric service to Elbow Lake at the low side of the transformer on the Bureau of Reclamation Transmission System which feeds the wheeling agent for Elbow Lake, and quoted a rate then in effect. That offer expired as of March 1, 1968.

On March 15, 1971, you telephoned to inquire whether the Cooperative would renew its offer of April 28, 1967.

At the present time, Elbow Lake is supplying its electric service requirements from self generation. Delivery of electric

service from Basin Electric would require wheeling from the Bureau substation by a wheeling agent, and it is suggested that your first request for wholesale power supply be directed to the utility which would otherwise be the wheeling agent.

If that utility is unwilling to sell power at wholesale to the Elbow Lake system, then Elbow Lake might request to purchase power from the U.S. Bureau of Reclamation. If the Bureau is unable to sell power to Elbow Lake, or is able to sell only a limited amount of power, Basin Electric would renew its offer of April 28, 1967. However, since the date of that offer we have put into effect a rate increase of about 9.5% so the rate would be higher. It would be the rate in effect for Basin Electric's Class A member cooperatives.

Sincerely,

JAMES L. GRAHL

JLG:mb

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GX-334

CENTRAL POWER ELECTRIC COOPERATIVE

North Branch

Box 1575

Minot, North Dakota

January 24, 1964

Mr. Frank Belinsky, Manager

RSR Electric Cooperative, Inc.

Milnor, North Dakota 58060

Dear Frank:

I am enclosing some rough calculations in regard to the City of Hankinson we discussed on the telephone last week.

Two plans were studied. Plan I would be to construct 41.6 KV line from Forman to Hankinson. This resulted in the cheapest method but would depend on long radial lines which

could result in very poor service to both the RSR members and the City of Hankinson.

Plan II would construct 69KV from Forman to Hankinson and then to either East River or Minnkota. This plan would result in good service but the costs would be very high. The City of Hankinson could not afford to pay these costs and the RSR membership would be required to pay some of them.

Another plan constructing 69KV from East River to Minnkota could be studied but it would result in costs similar to Plan II. It would also have other disadvantages.

At the present time the only concrete thing that can be done is try to hurry the USBR allocation. When this allocation is made they will be in a position to study the Hankinson transmission problems. Until Hankinson receives an allocation of Bureau power the Bureau cannot expend money on a study. Any activity we promote at this time could end up as wasted time when the Bureau makes their study. In fact we have to guard against becoming too involved at this time because we could possibly hurt the Bureau transmission feasibility.

Yours truly,
CENTRAL POWER ELECTRIC
COOPERATIVE, INC.
Ralph Bartel, Manager

RB:po
cc: Price Gulleson

CENTRAL POWER ELECTRIC COOPERATIVE, INC.
CITY OF HANKINSON & RSR

PLAN I

Construct 41.6KV transmission line Forman to Hankinson and connect Geneseo and Hankinson to this line.

This plan would probably result in bad service to RSR in that their area would be dependent upon a long radial line. The USBR radial 69KV line from Edgeley to Forman (approximately 70 miles) plus about 38 miles from Forman to Hankinson.

This plan would result in the cheapest method of bringing service to Hankinson without the use of the Otter Tail Power Company system.

Investment required—38 miles X $5,000 per mile = $190,000. An additional investment to connect the 41.6 KV to the USBR Forman terminal may be required. It is assumed the transformer is large enough so the additional money required would be for a bay, breaker and required relaying. Assume $25,000 will cover these investments. A total of $205,000 will cover the above investment.

| | |
|---|---|
| Depreciation & Interest 4.7% | $9,635 |
| O & M | $3,500 |
| | $13,135 |

| Present Load | KW | KWH |
|---|---|---|
| | 955 | 3,540,000 |
| Hankinson, RSR | 845 | 3,152,000 |
| Hankinson, City | 600 | 2,400,000 |
| | 2400 | 9,092,000 |

Yearly Cost: 1.45 Mills

If RSR did not wish to increase their costs to serve the City of Hankinson they could do the above and charge Hankinson about 3.0 mills for transmission rights.

The big problem with this plan is not the costs, these are fairly reasonable, it is the expected bad service from such long radial lines.

PLAN II

Construct 69 KV from Forman to Hankinson (38 miles) and Hankinson to East River (18 miles). This could go from Hankinson to Minnkota (30 miles) but shorter distance will be used in this study. The Minnkota connection may show better long range possibilities in that it would fit into the future area problems RSR is going to experience in the Northern part of their system.

This 69 KV construction would cost about $7,500 per mile so the investment in lines would be $420,000.

Terminal facilities are difficult to determine because the USBR and East River requirements would have to be met—Assume $20,000 will cover both ends.

RSR would be required to abandon the present Geneseo and Hankinson substations (41.6 KV) and construct new subs with new transformers (69 KV). Depending upon size this cost will vary—Assume $70,000.

| | |
|---|---|
| Total Investment | $510,000 |
| Yearly Cost: | |
| Fixed | $24,000 |
| O & M | 7,000 |
| | $31,000 |

Yearly Cost: 3.4 Mills

RSR to not increase their cost would require City of Hankinson to pay 1.0¢ per KWH.

Plan I results in reasonable cost but bad service. Plan II results in good service but costs which cannot be met.

The solution is to wheel over the Otter Tail Power Company facilities or the USBR construct the line. Both of these are still possible. The Bureau cannot make a study until

they allocate power. Once they have done this they will make arrangements to deliver this power. This should be done within the very near future.

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GX-344

RUNESTONE ELECTRIC ASSOCIATION
Alexandria, Minnesota 56308
July 22, 1968

George J. Cheney, Acting Regional Director
United States Department of the Interior
Bureau of Reclamation
Regional Office, Region 6
P. O. Box 2553
Billings, Montana 59103

Dear Mr. Cheney:

You have inquired whether Runestone Electric Association or Cooperative Power Association are in a position to agree to transmit Bureau power to the Village of Elbow Lake.

Cooperative Power Association has acquired all of the transmission facilities of Runestone Electric Association and has assumed responsibility for power supply and transmission for Runestone Electric Association and the other cooperatives which are members of CPA.

CPA has entered into an integrated transmission agreement with Otter Tail Power Company, under the terms of which transmission facilities of each of the parties to that agreement can be used for the delivery of power to the wholesale and retail consumers served by the other party.

The facilities which can be used in this manner are called the "integrated transmission system". This system consists of

certain facilities which have been agreed upon by Otter Tail Power Company and Cooperative Power Association.

The integrated transmission agreement contains the following provision relating to use of the integrated transmission system:

"6.04 *Use of Service.* Except with the written consent of the other Party, neither Party shall, directly or indirectly, sell the electric power transmitted over the Integrated Transmission System to any wholesale or retail consumers served by the other Party (including in the case of CPA its Member Cooperatives) on or after January 13, 1966, and such service is still available. This provision shall not be construed to prevent CPA from accepting additional rural electric cooperatives into membership, and supplying electric power and energy to such cooperatives. Nothing herein contained shall entitle CPA or the Member Cooperatives to use, without the consent of Otter Tail, any facility of the Integrated Transmission System which is owned by Otter Tail, to transmit or deliver power to any wholesale or retail consumer served by Otter Tail on or after January 13, 1966, and such service is still available; or entitle Otter Tail to use, without the consent of CPA, any facility of the Integrated Transmission System which is owned by CPA, to transmit or deliver power to any wholesale or retail consumer served by CPA or a Member Cooperative on or after January 13, 1966, and such service is still available. A Member Cooperative serving a consumer may give the written consent contemplated herein to be given by CPA. The terms

of this Section shall be part of an agreement between CPA and each of its Member Cooperatives".

You will note that the consent of Otter Tail Power Company appears to be required if any integrated transmission facilities belonging to Otter Tail are to be used in transmitting or delivering power to an Otter Tail customer being served on or since July 13, 1966, where service from Otter Tail is still available.

I trust that this information will answer your inquiry. If not, please feel free to call upon us.

Sincerely,
JOSEPH O. PERINO
General Manager

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GX-349

ALLISON-WILLIAMS COMPANY
Investment Bankers
Northwestern Bank Building
Minneapolis 2, Minnesota
April 20, 1964

Mr. Richard L. Healy
Attorney at Law
Hankinson, North Dakota

Re: Electric Revenue Bonds
City of Hankinson, North Dakota

Dear Dick:

I thought I would confirm to you by letter a portion of our conversation the other day. As you know, Revenue Bonds in North Dakota are pure Revenue Bonds, and, therefore, are

payable solely from the users of the utility. This is why it would be necessary to have a definite contract with a wholesale power company before the bonds are sold so that we are assured that power will be available after the system is built so that the users can be charged to pay the principal and interest requirements on the bonds and other necessary costs of the system.

It was very enjoyable visiting with you the other day. Please be sure to stop in again whenever you are in the area.

Best regards.

Very truly yours,
ALLISON-WILLIAMS COMPANY
John D. Hickerson

JDH:JC

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GX-357

FAEGRE & BENSON

1200 Northwestern Bank Building
Minneapolis 2, Minnesota
February 23, 1965

Honorable Ernest Woytassek
Mayor, City of Hankinson
Hankinson, North Dakota

Dear Mayor Woytassek:

The City proposes to issue revenue bonds under the Revenue Bond Law (Ch. 40-35 N.D.C.C.) to acquire an electric distribution system, and we have examined the election proceedings held under that Law. We have also been informed that the City proposes to purchase its electric power requirements

from RSR Electric Cooperative, Inc. and that RSR purchases its requirements from Central Power Electric Cooperative, Inc. The power is to be generated by Central, but some of the transmission lines to be used for delivery of the power to Hankinson are owned by Otter Tail Power Company. That Company has taken the position, we understand, that it has no contractual or other obligation to transmit power for Central or RSR to Hankinson for distribution over a municipal electric system and that it will not do so.

Your City Council has asked us to render an approving legal opinion with respect to the proposed revenue bonds so that the bonds may be marketed, and you inquire whether we are in a position to do so.

We regret to advise that we could not render an approving legal opinion until the obligation of Otter Tail Power Company to transmit power has been established. Revenue bonds will be paid, if at all, only from revenues derived from the operation of the system, and if the City cannot obtain power, there will be no revenues. Bond counsel will not, as a matter of practice, approve revenue bonds if there is substantial doubt that revenues can be obtained. This position has been confirmed by court decisions in these states where the court or the attorney general may or must validate revenue bonds before issuance. See *State v. North Breward Hospital District*, 95 So 2d 434 (Fla. Sup. Ct. 1957) (prospective revenues sufficient), *Texas Nat. Guard Armory Board v. McGraw*, 126 SW 2d 627 (Tex. Sup. Ct. 1939) (attorney general need not approve bonds secured by doubtful lease contracts). In addition, bonds are not considered marketable if litigation is pending or threatened, and litigation must occur if Otter Tail

Power Company persists in its present position and if Central, RSR and the City intend to proceed.

Very truly yours,
FAEGRE & BENSON
By John S. Holten

JSH:nh

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GX-367

FAEGRE & BENSON
1260 Northwestern Bank Building
Minneapolis 2, Minnesota
13 August 1963

Mr. Carl W. Miller
Attorney at Law
Flandreau, South Dakota

Re *City of Colman Electric Revenue Bonds*

Dear Mr. Miller:

I was advised by Mr. Peterson of Paine, Webber, Jackson & Curtis that they had decided not to bid for the bonds. Since the Gefke bid is for an interest rate considerably higher than that offered by Piper, Jaffray & Hopwood, I would recommend to the city that they accept the Piper bid. I am sure that their bid remains open at this time since I received an assurance to that effect from Mr. Davis of that firm about two weeks ago and the market has, if anything, improved in the meantime.

Obviously, the action on the bonds and the action on the contract depends on the disposition of the mandamus proceeding brought by Otter Tail. Meritorious or not—and it seems to me that it is obviously not meritorious—this litigation

like the prior litigation would make it impossible for the city to deliver a no-litigation certificate with the bonds, as required by uniform practice. Unless Otter Tail withdraws its suit, it seems to me that you have no alternative but to postpone the letting of the contracts and the sale of the bonds until such time as the court makes its order and the time for appeal expires.

I will be gone from the office next week but if you will let me know about the outcome of the hearing scheduled for August 23, and if the court takes the case under advisement, when a decision might be expected, and if you will advise me what the appeal time is on a suit of this kind, I could then go back to Piper and perhaps work out proceedings for the sale of the bonds. For example, if the court denies the Otter Tail petition on August 23, and if Otter Tail has only thirty days to appeal, it might still be possible to let contracts and sell the bonds this fall.

Cordially yours,
JOHN S. HOLTEN

JSH:ie

DX-5

REGULAR MONTHLY MEETING JUNE 7, 1965

Pursuant to due call and notice thereof the regular monthly meeting of the Village council of the Village of Elbow Lake, was duly held on the 7th day of June 1965 at 7:30 P.M. in the council chambers, all council members present.

* * * * *

An official of the East River Co-Op appeared before the council regarding the delivery of the villages allocation of federal power to the electrical system being constructed in the village. This official stated that East River could construct the 14 miles of line and the sub station needed to serve the village. Said construction cost to come out of the East River general fund and not the six million dollar loan recently received from REA. The estimated cost of power over such a system to be under .03 mills for wheeling, $1.45 per KW per month plus .03 mills power charge or approx. .07 to 8½ mills delivered to the substation in the village.

Councilman Walwick stated that since the OTPC has refused to wheel power to the village this would seem to be the most feasible means of receiving the village allocation of federal power. Walwick asked what the cost of membership would be to join this Co-Op group. The East River official stated that the membership is $100.00, but that the village could not become a member until such time as it was being served by the Co-op. However he stated this did not mean that East River would not negotiate with the village and keep the village informed of any progress made on this project. The Co-Op representative informed the council he could give no date as to construction on the proposed lines in this area however he felt that there would be something definite in six months.

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DX-9

CITY OF HANKINSON
Hankinson, North Dakota
February 24, 1964

Mr. Wallace Emerson, Auditor
Carrington
North Dakota

Dear Mr. Emerson:

We have been working on Municipal power for a little over a year now. It's slow work at the start, at least till you become known as a city that is interested in a municipal system.

The city of Hankinson has not had a franchise with Otter Tail since 1958. It is not necessary to have a franchise.

I am enclosing a Feasibility study we had made for the city on a loan basis. We would appreciate your returning it as soon as you can as we are receiving many requests for information, and have only a limited number of copys for loan. I beleive it will be of help. We are proceeding under plan 4C.

I would also advise writing the following people for help:

Conrad a Blomberg
Basin Electric Power Cooperative
Provident life Bldg.
Bismarck, N. Dak.

Roscoe F. Williamson
United States Bureau of Reclamation
P.O. Box 1050
Bismarck, N. Dak.

P. W. Utgaard, Mayor
Maddock, N. Dak.

Leland G. Ulmer
North Dakota Association of Rural Cooperatives
Box 1077
Bismarck, N. Dak.

Minnesota State Public Examiner
St. Paul, Minnesota
(Ask for his report on Revenues, Expenditures, and Dept.)

This book contains a financial report on 117 cities with a Municipal System.

Also contact your local Cooperative Manager. He is forbidden by law from giving you assistance directly, but we found this source very helpful for the price of a cup of coffee.

We used the assistance also of the city of Elbow Lake, Minn. This was invaluable to us, and I would suggest that if you decide to consider this seriously that you contact us further. We would be most willing to help in anyway. A personal meeting would be the best if it could be arranged.

The city of Oakes has met with us twice, and are presently considering an election. They have about a year and a half on their franchise.

Roughly speaking the revenue involved will be approximately 40 to 50% of your present gross power bill. Bureau power is sold at 5.3 mills basin sells power at 5.6 mills. Our present cost from Otter Tail averages 37 mills for the city. Our distribution system is expected to cost about 130,000 dollars. This could be paid for in less then three years at present rates if we wished.

I'm sure Mr. Gordon Maier of Maier and Tompt 505 Universal Bldg. in Fargo would be pleased to help if you should like. We found both these gentlemen very helpful and cooperative.

I hope I've been of some help. To cover Municipal Distribution in a letter is impossible. If we can be of any further assistance please feel free to call upon us.

Sincerely Yours,
ERNEST WOYTASSEK

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DX-19

SIOUX VALLEY EMPIRE ELECTRIC ASSOCIATION, INC.
Colman, South Dakota 57017
April 19, 1965

Mr. Wesley P. Smith
Smith & Sheen
P. O. Box 213
Watertown, South Dakota

Dear Wes:

We have your letter of April 12 inquiring as to arrangements that may be made with us by the City of Aurora for wheeling power to, and maintenance of, the proposed municipal electric system.

At this time, we would be able to wheel power to the town at the rate of 1 mill per KWH delivered. This assumes, of course, that the town would pay the Bureau, or whatever other supplier that might be involved, for the demand and energy losses occurring on the Sioux Valley System. In other words, Sioux Valley could not furnish the KWH and KWH losses incurred as the result of wheeling the Aurora load. As to point of delivery, we would propose a point approximately .4 miles south of the NE corner of Section 34, Township 110 N, Range 49 W. This is practically at the edge of Aurora's presently

populated area, perhaps 4 or 500 feet from their nearest consumer.

Regarding losses in the Sioux Valley System, we are not able, in the absense of load data, to indicate what precise figure we could agree to were a contract to be proposed. However, it appears to us that, under present circumstances, the losses would be from 7 to 10%, and would increase along with the town load to perhaps 12%. This, of course, would be cut if Sioux Valley's system were to be changed so as to provide more excess capacity in the future. We suggest, therefore, that for the purpose of the study you are presently preparing, you compute the losses as you did before, i.e., 7% for the first five years, 10% for the next five years, and 12% thereafter. I should point out that for the purpose of any contract, and as a basis for our 1-mill wheeling rate, the loss must be computed as follows:

L — T — S, where

L — loss chargeable to the town

T — Total loss in the wheeling circuit due to Sioux Valley and town load together

S — Loss in the wheeling circuit considering Sioux Valley load only

Metering of the town load, near the point of delivery, would have to be done at primary voltage. I believe you will find that the Bureau would insist upon owning and maintaining this equipment themselves so it would be no problem for the town. In the case of Colman, the Bureau asked that the town furnish and pay for the metering installation, and then the Bureau will buy it from the town. (This is written in the Bureau Contract.) Sioux Valley would furnish a takeoff structure, including a 3-phase OCR and deadend clamps to which the town could connect their conductors. The metering point should be a span or two south of the takeoff structure.

With regard to maintenance of the system, Sioux Valley would be willing to accept the responsibility on the same basis offered to Colman. This would be on an on-call basis, and would include all necessary work on all facilities up to and including individual meters, but would not include meter reading, billing, or work of any kind on the consumer's side of the meter. All work would be charged for at the rate of $4.10 per man-hour regular time and $6.15 per man-hour overtime, plus transportation and other equipment rental at our cost, on a per mile or hourly basis depending upon the type of equipment. Minimum charge per call would be ½ hour for the crew involved, which would never be less than two men, and very rarely more than two men. For your use in applying these figures to Aurora, we would normally utilize our crew in Brookings for Aurora maintenance. We would also propose to furnish all material used in maintenance, and the town would have the option of paying us for it or replacing it with new material of the same make and catalog number.

I trust that the above information will be adequate for your purpose, however, if further information is needed, do not hesitate to call or write. I am informed by Colman city officials that their electric system revenue bonds sold for 4% interest, amortized over a 15-year period.

Yours very truly,
JOHN E. FRITZ
Director of Operations

JEF:dme

DX-23

# WESTERN INTERSYSTEM DIVERSITY AND ENERGY PROGRAM: A HYDRO-THERMAL RECONNAISSANCE STUDY

Published by Planning Committee
Missouri Basin Systems Group
July, 1970

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(Index and Introduction omitted in printing.)

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## II. SUMMARY

This reconnaissance power supply study was authorized and published by the Planning Committee of the Missouri Basin Systems Group, a regional coordination group and pool composed of 125 consumer-owned electric utilities in nine Missouri River Basin states, and the U.S. Bureau of Reclamation.

This study focuses principally on power supply programs for utilities in and around the Missouri River Basin. Using 3200 megawatt blocks of thermal generation—usually at the mine-mouth in eastern Montana or Wyoming—and 1200 megawatt blocks of peaking capacity—usually hydro—the study found that energy from a 4400 megawatt stage hydro-thermal energy program could be delivered to transmission centers at costs which appear competitive. Using present capital and equipment costs, it was found that power could be delivered to the Omaha and Twin Cities areas, for example, for as low as 5.5 mills per kilowatt-hour with public financing, and 8.1 mills per kilowatt-hour with private financing.

The study also examined systems for delivering thermal energy from plants in the eastern Montana-Wyoming coal fields to the Pacific Northwest. It was found that a high load

factor energy product could be delivered to major Pacific Northwest transmission centers for as low as 5.3 mills per kilowatt-hour with public financing and 8.2 mills per kilowatt-hour with private financing.

Programs involving supply to both the Pacific Northwest and the Missouri Basin also provide major portions of a transcontinental transmission grid at 765 kilovolts ac or ± 750 kilovolts dc. Because the principal study area and the Pacific Northwest have opposite seasons of peak power use, certain transmission plans would permit some portion of an estimated 2.9 million kilowatts of seasonal diversity between the regions by 1985 to be utilized. With limited participation in such a program, it appears that some $172.5 million in diversity benefits—or over one-quarter the cost of the entire inter-regional transmission system—could be realized through savings in the cost of generation. The full value of indicated 1985 diversity benefits—some $433.5 million—may require the addition of transmission facilities beyond those shown in this report.

Because of the dual focus of this investigation on both delivered energy costs and diversity benefits, and because of its geographic scope, it is named WIDE—for Western Intersystem Diversity and Energy Program.

Certain possible consequential aspects of this WIDE study —including the lessening of adverse effects on the environment through use of dry-type cooling towers to minimize use of cooling water, efficient sizing of generation and transmission for best use of land and coal resources, and use of low sulfur Wyoming and Montana coals and efficient precipitators to minimize air pollution—have not been examined here. However, it is anticipated that the results of this reconnaissance study will stimulate more detailed study of the type of coordi-

nated programs examined here, in terms of environmental impact, as well as of feasibility, load flow and stability studies of the type normally conducted by interested utilities.

## III. FINDINGS AND CONCLUSIONS

1. The investigation of generation and transmission plans described in this report indicates that load factor power and energy resulting from an integration of base load and peaking resources may be delivered on an EHV transmission system in the study area at costs which appear to be competitive with alternative power costs.

2. Since the estimated power and energy costs of the integrated hydro thermal plans appear to be competitive with alternative costs, the proposed plans should be thoroughly reviewed by utilities in the area which may benefit from such plans. If sufficient interest exists, studies should be made to refine these plans to meet the needs of specific utilities.

3. The transmission plans developed for this study are considered to be representative of possible transmission systems required to transfer large blocks of power from mine-mouth generating plants to load centers. These transmission plans must be considered preliminary and should be refined and modified to meet requirements of utilities interested in participation in the type of program examined here.

4. The cost of power and energy delivered to the Pacific Northwest from base load thermal plants located in the Wyoming-Montana area was also investigated. The cost of energy delivered to the Pacific Northwest appears to be competitive with that obtainable from nuclear power plants near load centers in the Pacific Northwest, suggesting the possibility that the Wyoming-Montana generation alternative could supplant some of the nuclear or fossil base load units contemplated for future construction in the Pacific Northwest.

5. The use of mine-mouth plants will require construction of a fairly extensive transmission system to transmit power from remote generating sites to load centers. The transmission system would also allow some diversity benefits to be realized, in the plans connecting the Pacific Northwest with the Missouri Basin, and would provide a major contribution toward the establishment of a nationwide EHV or UHV (ultra-high voltage) transmission grid. Transmission facilities included in these plans could also provide firming of east-west tie operation and enhance overall transmission system reliability.

6. Diversity benefits have not been included in economic analyses of obtainable power and energy costs. However, the order of magnitude of such benefits is indicated here as quite large. It is noteworthy that previous studies have justified transmission grids of this magnitude and in this general area solely on the basis of diversity benefits. In future refinements of this reconnaissance study, the benefits of diversity, insofar as they may be realized on the available and projected transmission facilities, should be evaluated and included in the economic analyses.

* * * * *

(Pages 8-17 omitted in printing.)

* * * * *

## B. STUDY SCOPE

### 1. *Generation*

The present study is intended to examine the magnitude of costs obtainable from staging thermal generation in 3200 mw blocks, composed of four 800 mw units at each site, and integrating the 80 per cent annual plant factor product with peaking capacity. Because of the probable feasibility of adding some 1200 mw of new peaking capacity to existing Missouri River dams, this study was based on the integration of base

load blocks of 3200 mw with 1200 mw blocks of peaking, for a 4400 mw integrated stage of development. Assuming capacity reserves of 12 per cent, an 80 per cent annual plant factor for the base load thermal plants, and no energy associated with the hydro peaking generation, the combination of 3200 mw of base load generation and 1200 mw of peaking generation produces sufficient energy to serve a load having an annual load factor of about 61 per cent.

Two stages of development were defined for purposes of this study. Stage 1 development is defined as a 4400 mw capacity plan and Stage 2 has an additional 4400 mw of capacity.

For each 4400 mw stage, an adequate transmission system was devised, without the benefit of making power flow or stability studies. A more intensive study of possible transmission programs—in terms of capability, adequacy, reliability, ability to carry swings from the inter-connected eastern and western systems, and capability in permitting up to about 2.9 million kw of seasonal diversity, which will exist by 1985 between the Pacific Northwest and the study area, to be realized—will have to be conducted by interested utilities as they move ahead with this type of program.

This study looks at two or more 3200 mw generating sites in the Wyoming and Montana coal fields (WyoMont), and at a western Nebraska site at or near the North Platte River. Mine-mouth generation was assumed for the Wyoming-Montana location, while it was assumed that the western Nebraska generating plant would be fueled by Wyoming coal transported by unit train.

Peaking capacity was assumed to be available in 1200 mw blocks from the addition of generating facilities to existing Missouri River dams; from the construction of pumped storage generation in western Colorado; and from installation of

gas turbine generation distributed at load centers of participating utilities.

Reserves of 12 per cent were assumed for the pumped storage, base load thermal, and gas turbine peaking generating units. The largest new unit size assumed was an 800 mw unit, the same size as units presently under construction. Therefore, the reserve assumptions are based on percentage of capacity rather than the loss of the largest generator unit.

Reasonable combinations of these blocks of capacity were examined and transmission systems designed to transmit energy from sources to transmission centers at the Twin Cities; Brownville, Nebraska; Ft. Thompson, South Dakota; Archer, Wyoming; and Stanton, North Dakota. Transmission facilities were assumed using 765 kv ac, ± 750 kv dc, and parallel circuit 500 kv ac.

2. *Transmission*

The transmission system configurations studied will generally withstand any single outage. Area reliability pool criteria also call for transmission system design capable of withstanding the most critical outage during peak load with another critical facility out of service and generation appropriately readjusted. While detailed load-flow and stability studies will be required to verify the adequacy of these transmission systems, it is believed that the developments analyzed in conjunction with existing and future facilities will meet the applicable reliability criteria.

Because of the obvious benefits of effecting UHV interconnections between the Pacific Northwest and the Missouri River Basin, a modified Stage 3 development was examined, including a 3200 mw thermal station at Wyo-Mont, and 765 kv ac or ± 750 kv dc transmission system to deliver energy to the Pacific Northwest. No attempt was made to provide a

complementary block of peaking capacity for the Pacific Northwest's thermal units, since the Pacific Northwest is embarked on a regional hydro thermal program, under which the Bonneville Power Administration is responsible for providing peaking capacity required in the region.

The transmission systems set out, if developed, would significantly contribute to the development of a nationwide power grid, linking with transmission ties to Chicago, St. Louis, the Pacific Northwest and the Southwest.

It is noteworthy that some of the plans show major transmission system additions overlaying the present east-west ties. In the alternating current plans some transmission capacity would have to be allocated to firming the east-west ties; that is, to provide capacity to carry transient swings in power flows across the east-west ties. With the direct current transmission system, asynchronous operation (normally open operation) of the ties is possible, thereby permitting the transfer of blocks of power between two otherwise electrically separated systems. The capacity requirements for firming the east-west ties should be the subject of further detailed study.

* * * * *

(Pages 21-27 omitted in printing.)

* * * * *

## D. DESCRIPTION OF PLANS

### 1. *Missouri River Basin*

Seven plans were developed for delivering project energy to transmission substations in the Missouri Basin. The first two are Stage 1 programs, including 3200 mw of thermal and 1200 mw of peaking, for an integrated total of 4400 mw. The last five plans are Stage 2 programs, including two 4400 mw stages for a total generating capacity of 8800 mw. The cost of each program includes the cost of its transmission system.

Transmission system costs include the cost of transmissi line, breakers, transformers and reactors. Delivered costs clude fixed charges, fuel costs, cost of purchased power, ope tion and maintenance expenses, administrative and general e penses, and provisions for reserves and losses with delive being made at terminal positions shown on each plan.

These plans are described below:

1. Plan I-A includes 3200 mw of thermal generation WyoMont and 1200 mw of peaking capacity on the M souri River. The transmission system for Plan I-A is 765 kv ac system.
2. Plan I-B includes 3200 mw of thermal generation western Nebraska and 1200 mw of peaking capacity the Missouri River. The transmission system is a 7 kv ac system. Because the thermal generation in Plan I is not at the mine-mouth, energy costs are higher th from Plan I-A.
3. Plan II-A includes 3200 mw of thermal generation WyoMont, 3200 mw of thermal generation in weste Nebraska, 1200 mw of Missouri River peaking, a 1200 mw of pumped storage capacity in western Co rado. The transmission system for Plan II-A is a 765 ac system including, essentially, the same transmissi lines required for both Plans I-A and I-B.
4. Plan II-B includes 6400 mw of thermal generation WyoMont at two sites, 1200 mw peaking capacity on Missouri River, and 1200 mw of pumped storage ca city in Western Colorado. The transmission system Plan II-B is also a 765 kv ac transmission system.
5. Plan II-C includes the same generation as II-B, assumes construction of a 500 kv ac transmission

tem, much of it with parallel circuits on separate rights of way.

6. Plan II-D also assumes 6400 mw of thermal generation at WyoMont, 1200 mw of peaking capacity in the Missouri River, and 1200 mw of pumped storage capacity in western Colorado. This plan, however, assumes construction of a ± 750 kv dc transmission system. Transmission at 500 kv ac is used to integrate the western Colorado pumped storage generation and to firm the transmission grid in Colorado and Wyoming. It is noteworthy that this dc transmission grid bypasses the Dakotas, therefore relying more heavily for supply to this area on the underlying ac transmission grid. However, by 1985 loads and generation in the Dakotas would be nearly equal, thereby reducing transmission capacity requirements into this area. The dc transmission could also permit asynchronous operation of the east-west ties.
7. Plan II-E includes 6400 of thermal generation at WyoMont, 1200 mw of peaking capacity on the Missouri River, and 1200 mw of gas turbine capacity distributed at system load centers. The transmission system in Plan II-E is a 765 kv ac system.

2. *Pacific Northwest*

The above plans are directed toward supply of MBSG and neighboring utilities. In addition to these plans two alternatives were examined for installation of capacity in the Wyoming-Montana area to supply power requirements in the Pacific Northwest. These are designated Plan III-A and Plan III-B.

Plan III-A has 3200 mw of thermal base load generation located in the Wyoming-Montana coal fields. From the plant, two 765 kv ac lines provide a transmission link with the

Pacific Northwest area—one line terminating at John Day, Oregon and the other at Grand Coulee, Washington. A 765 kv ac link is also included between Grand Coulee and John Day. Development of this transmission in conjunction with possible 765 kv transmission to the Midwest from the Montana-Wyoming area would provide the larger portion of a transcontinental link at 765 kv ac. This, as attested to in Interior Study 190, could provide significant diversity and reliability benefits. As discussed elsewhere within, the combined benefits obtainable through installation of large fossil fuel plants in the Montana-Wyoming area and closure of a major interregional transmission link are attractive.

The alternative investigated, Plan III-B, is similar to Plan III-A, except that transmission is assumed at ± 750 kv dc rather than 765 kv ac. The resulting investment costs as discussed later, are comparable, with the ac transmission system being lower in cost. In both of the above cases, the specific plan facilities are only those required for thermal power deliveries to the Pacific Northwest—i.e., a 3200 mw thermal generating station and 765 kv ac or ± 750 kv dc transmission system, including associated transmission facilities. However, for convenience the schematic drawings of Plans III-A and III-B also show facilities for one of the complementary Missouri Basin plans.

The seven Missouri Basin plans and two Pacific Northwest plans are shown as Figures 5 through 13 on the following pages.

* * * * *

(Pages 31-51 omitted in printing.)

* * * * *

DX-41 (Sheet 2)

# OTTER TAIL POWER COMPANY

## COMPARATIVE INCOME STATEMENTS (000 omitted)

## 1961 THROUGH 1970

## ACTUAL AND EROSION STUDY

| | 1961 | | 1962 | | 1963 | | 1964 | | 1965 | | 1966 | | 1967 | | 1968 | | 1969 | | 1970 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study | Actual | Erosion Study |
| l Operating evenues | 21,282 | 20,338 | 22,428 | 20,440 | 23,696 | 20,549 | 24,590 | 20,579 | 26,235 | 21,529 | 27,616 | 22,653 | 28,443 | 22,854 | 29,438 | 21,957 | 31,484 | 22,343 | 34,457 | 24,449 |
| enses: | | | | | | | | | | | | | | | | | | | | |
| peration & Maintenance | 9,797 | 9,489 | 10,305 | 9,666 | 10,861 | 9,868 | 11,561 | 10,278 | 12,007 | 10,457 | 13,126 | 11,723 | 13,524 | 12,059 | 14,573 | 12,647 | 15,103 | 12,998 | 17,094 | 15,481 |
| epreciation & All Taxes | 7,665 | 7,334 | 7,983 | 7,251 | 8,237 | 7,017 | 8,201 | 6,971 | 8,895 | 7,218 | 8,962 | 7,064 | 9,212 | 6,942 | 9,308 | 6,376 | 10,558 | 6,813 | 10,851 | 6,872 |
| Total Operating Expense | 17,462 | 16,823 | 18,288 | 16,917 | 19,098 | 16,885 | 19,762 | 17,249 | 20,902 | 17,675 | 22,088 | 18,787 | 22,736 | 18,001 | 23,881 | 19,023 | 25,661 | 19,821 | 27,945 | 22,873 |
| rating Income | 3,820 | 3,516 | 4,140 | 3,523 | 4,598 | 3,664 | 4,828 | 3,330 | 5,333 | 3,854 | 5,528 | 3,866 | 5,707 | 3,853 | 5,557 | 2,931 | 5,823 | 2,822 | 6,512 | 2,376 |
| r Income, oductions (Net) | 35 | 60 | (95) | (48) | (219) | (220) | 188 | 282 | (37) | 68 | (42) | 47 | 25 | 25 | (42) | (42) | 42 | 42 | (160) | (168) |
| est Charges | 1,309 | 1,290 | 1,254 | 1,240 | 1,233 | 1,118 | 1,291 | 1,259 | 1,605 | 1,551 | 1,607 | 1,468 | 1,775 | 1,716 | 1,893 | 1,548 | 2030 | 1,824 | 2,254 | 1,765 |
| come | 2,546 | 2,286 | 2,791 | 2,235 | 3,146 | 2,326 | 3,725 | 2,353 | 3,691 | 2,371 | 3,879 | 2,445 | 3,957 | 2,162 | 3,622 | 1,341 | 3,835 | 1,349 | 4,098 | 611 |
| rs/Share ommon | $1.16 | $1.02 | $1.29 | $1.00 | $1.47 | $1.04 | $1.71 | $1.00 | $1.68 | $ .99 | $1.77 | $1.03 | $1.81 | $ .90 | $1.64 | $ .46 | $1.75 | $ .46 | $1.88 | $ .02 |

## BASIC ASSUMPTIONS FOR EROSION STUDY

DX-41 (Sheet 5)

e study starts out with actual data for Otter Tail for the years 1961 through 1970, and then the actual data is adjusted each year to show the results of erosion, based following basic assumptions:

t Otter Tail will suffer a 5% loss of customers per year.

t Otter Tail can sell the lost distribution systems at cost less depreciation.

t depreciation, taxes, interest on short term borrowing, and expenses for operation and maintenance will be decreased proportionately.

t Otter Tail will wheel to the towns lost at existing rates.

t Otter Tail will be able to make increased pool sales (based on an analysis of pool transactions).

t Otter Tail will be able to retain the ability to borrow at the prime interest rate for short-term borrowing.

t Otter Tail will maintain a dividend payment policy of 70% of income available for common.

* * * * *

(Sheets 1, 3 and 4 omitted in printing.)

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DX-91

*Interrogatory No. 8.*

The following is a statement of the number of transmission lines owned by the Otter Tail system according to their respective voltages (e.g., 115 K.V., 345 K.V.):

TRANSMISSION LINE STATISTICS

DECEMBER 31, 1968

| | | | |
|---|---|---|---|
| 345 | KV | None | |
| 230 | " | 160 | Miles |
| 115 | " | 567 | " |
| 41.6 | " | 4,016 | " |
| 34.5 | " | 39 | " |
| 24 | " | 232 | " |
| 14.5 | " | 246 | " |
| 12.5 | " | 442 | " |
| 7.2 | " | 201 | " |
| 2.4 | " | 59 | " |
| | | 5,962 | " |

*Interrogatory No. 9.*

The following is a list of all electric companies, both investor and publicly owned, which own transmission lines which traverse or are proximate to Otter Tail's service area:

2028

UNITED STATES BUREAU OF RECLAMATION.

G & T COOPERATIVES:

2017 Minnkota Power Cooperative, Inc.
26 Central Power Electric Cooperative
23 Basin Electric Power Cooperative
329 East River Electric Power Cooperative
238 Cooperative Power Association
272 United Power Association
50 Rural Cooperative Power Association

2955

COOPERATIVES:

2347 Runestone Electric Association
1138 Clearwater-Polk Electric Cooperative
1766 Beltrami Electric Cooperative
2330 Agralite Cooperative
1489 Red River Valley Cooperative Power Association
3009 Wild Rice Electric Cooperative
3108 Minnesota Valley Cooperative Light & Power Association
1083 Itasca-Mantrap Cooperative Electric Association
4593 Lake Region Cooperative Electric Association
1240 Southwestern Minnesota Cooperative Electric
2258 Red Lake Electric Cooperative
1652 Roseau Electric Cooperative
1672 Lyon-Lincoln Electric Cooperative
1693 Todd-Wadena Electric Cooperative
2134 P.K.M. Electric Cooperative
1722 Traverse Electric Cooperative
1274 Kandiyohi Cooperative Electric Power Association
3123 Baker Electric Cooperative
1702 Capital Electric Cooperative
4601 Cass County Electric Cooperative
1588 Cavalier Electric Cooperative
2727 James Valley Electric Cooperative
1745 McLean Electric Cooperative
1335 Montrail Electric Cooperative
5666 Nodak Electric Cooperative
2768 North Central Electric Cooperative
1376 Oliver-Mercer Electric Cooperative
1919 R.S.R. Electric Cooperative
2087 Sheyenne Valley Electric Cooperative
3564 Tri-County Electric Cooperative
3682 Verendrye Electric Cooperative
1837 Codington-Clark Electric Cooperative
1446 H-D Electric Cooperative
742 Kingsbury Electric Association
1867 Lake Region Electric Association
3556 Sioux Valley Empire Electric Association
1204 Whetstone Valley Electric Cooperative
1664 Northern Electric Cooperative

MUNICIPALITIES.

MINNESOTA

| | |
|---|---|
| 11 | Moorhead |
| 1 | Detroit Lakes |
| 8 | Alexandria |
| 4 | Breckenridge |
| 3 | Benson |
| 1 | Madison |
| 1 | Henning |
| 12 | Tyler |
| 2 | Willmar |

SOUTH DAKOTA

| | |
|---|---|
| 2 | Watertown |
| 2 | Flandreau |
| 10 | Brookings |

NORTH DAKOTA

| | |
|---|---|
| 4 | Valley City |
| 3 | Lakota |

64

INVESTOR-OWNED UTILITIES.

| | |
|---|---|
| 267 | Northern States Power Company |
| 102 | Minnesota Power & Light Company |
| 45 | Northwestern Public Service Company |
| 134 | Montana-Dakota Utilities |

548

OTHER:

Manitoba Hydro

90302 Total Miles

5,962 — OTP
90,302 — Other

96,264 miles

$$\frac{5{,}962}{96{,}264} = 6.2\%$$

FOLDOUT(S) IS/ARE TOO LARGE TO BE FILMED

EXHIBIT DX-94

Civil Action No. 6-69-139

UNITED STATES OF AMERICA

v.

OTTER TAIL POWER COMPANY

GEOGRAPHIC RELEVANT MARKET STUDY

The geographic limits cover Federal Power Commission Supply Area 26, which corresponds generally with the outer limits of the area served by Otter Tail Power Company's system.

The electric retail sales within that geographic area is assumed to be the relevant market.

Witness: Warren Nye

INDEX


| | Page | App. Page |
|---|---|---|
| Electric Retail Sales in Federal Power Commission Supply Area 26 | 1 | 1202 |
| Schedule A — Investor Owned Utilities | 2 | 1202 |
| Schedule B — Municipals | 3 & 4 | 1203 |
| Schedule C — Cooperatives | 5 & 6 | 1205 |
| Schedule D — Federal Retail Service | 7 | 1207 |
| Map Published by Federal Power Commission of Electric Power Supply Areas in the United States | In pocket on back cover. | 1209 |

Exhibit DX-94
Page 1

ELECTRIC RETAIL SALES IN FEDERAL POWER COMMISSION SUPPLY AREA 26
(Based on 1969 Data)

| | | 1969 KWH Retail Sales |
|---|---|---|
| Investor Owned Utilities (Schedule A) | | 1,604,602,011 |
| Public Power | | |
| Municipals (Schedule B) | 541,189,649 | |
| Cooperatives (Schedule C) | 1,268,250,223 | |
| Federal Retail Service (Schedule D) | 76,569,345 | 1,886,009,217 |
| Total | | 3,490,611,228 |
| Otter Tail Power Company's Retail Sales | | 1,007,438,999 |
| Otter Tail Power Company's Percentage of Total | | 28.9% |

Exhibit DX-94
Page 2

SCHEDULE A
INVESTOR OWNED UTILITIES

| | KWH Sales |
|---|---|
| (1) Northern States Power Company | 597,163,012 |
| (2) Otter Tail Power Company | 1,007,438,999 |
| | 1,604,602,011 |

Source:
(1) Northern States Power Company Records
(2) Otter Tail Power Company Records

## SCHEDULE B

## MUNICIPALS

| Municipality | * KWH Sales |
|---|---|
| Ada (MN) | 7,757,915 |
| Alexandria (MN) | 46,047,902 |
| Alvarado (MN) | 778,670 |
| Arlington (SD) | 4,020,546 |
| Aurora (SD) | 680,560 |
| Badger (SD) | 528,565 |
| Bagley (MN) | 6,342,773 |
| Barnesville (MN) | 5,811,270 |
| Benson (MN) | 15,869,192 |
| Big Stone City (SD) | 4,062,312 |
| Breckenridge (MN) | 14,794,240 |
| Brookings (SD) | 35,441,005 |
| Cavalier (ND) | 6,906,940 |
| Colman (SD) | 2,081,388 |
| Detroit Lakes (MN) | 38,069,000 |
| East Grand Forks (MN) | 28,386,070 |
| Elbow Lake (MN) | 5,464,992 |
| Estelline (SD) | 2,647,582 |
| Flandreau (SD) | 9,138,144 |
| Fosston (MN) | 9,007,500 |
| Grafton (ND) | 22,408,518 |
| Halstad (MN) | 2,988,914 |

SCHEDULE B
(Continued)
MUNICIPALS

| Municipality | * KWH Sales |
|---|---|
| Hawley (MN) | 4,394,388 |
| Henning (MN) | 3,047,022 |
| Hillsboro (ND) | 5,303,395 |
| Hope (ND) | 1,489,875 |
| Lake Park (MN) | 1,690,054 |
| Lakota (ND) | 5,818,510 |
| Maddock (ND) | 3,154,939 |
| Madison (MN) | 9,937,974 |
| Moorhead (MN) | 118,124,580 |
| Newfolden (MN) | 845,816 |
| Nielsville (MN) | 399,960 |
| Northwood (ND) | 5,804,890 |
| Ortonville (MN) | 13,147,903 |
| Park River (ND) | 6,741,769 |
| Perley (MN) | 375,368 |
| Sharon (ND) | 841,232 |
| Shelly (MN) | 609,081 |
| Stephen (MN) | 3,454,801 |
| Thief River Falls (MN) | 36,206,000 |
| Tyler (MN) | 4,989,798 |
| Valley City (ND) | 37,831,615 |
| Volga (SD) | 1,400,000 |
| Warren (MN) | 6,354,681 |
| Three-State Total | 541,189,649 |

* Source: Municipal Records

Exhibit DX-94
Page 5

**SCHEDULE C**
**COOPERATIVES**

| Cooperative | (1) KWH Sales* | (2) % of Service Area Outside FPC Supply Area 28 | (3) Net KWH Sales Col. (1) less % in Col. (2) x Col. (1) |
|---|---|---|---|
| Agralite Cooperative | 45,511,909 | 11% | 40,505,599 |
| Baker Elec. Co-op., Inc. | 44,787,620 | — | 44,787,620 |
| Beltrami Elec. Co-op., Inc. | 38,869,601 | 55% | 17,491,321 |
| Capital Elec. Co-op., Inc. | 25,857,737 | 36% | 16,548,952 |
| Cass County Elec. Co-op., Inc. | 88,044,920 | — | 88,044,920 |
| Cavalier Rural Elec. Co-op., Inc. | 28,963,991 | — | 28,963,991 |
| Clearwater-Polk Elec. Co-op., Inc. | 16,327,500 | 16% | 13,715,100 |
| H-D Electric Co-op., Inc. | 26,764,830 | 12% | 23,553,050 |
| James Valley Elec. Co-op., Inc. | 33,332,600 | 49% | 16,999,626 |
| Kingsbury Elec. Co-op., Inc. | 11,206,119 | 25% | 8,404,589 |
| Lake Region Co-op. Elec. Assn. | 84,590,380 | — | 84,590,380 |
| Lake Region Elec. Assn., Inc. | 22,984,777 | 43% | 13,101,323 |
| Lyon Lincoln Elec. Co-op., Inc. | 33,880,627 | 33% | 22,700,020 |
| McLean Elec. Co-op., Inc. | 29,187,178 | — | 29,187,178 |
| Minn. Valley Co-op. Lt. & Pwr. Assn. | 61,523,374 | 47% | 32,607,388 |
| Mountrail Elec. Co-op. | 31,656,910 | 50% | 15,828,455 |
| Nodak Rural Elec. Co-op., Inc. | 190,816,028 | — | 190,816,028 |
| North Central Elec. Co-op., Inc. | 52,033,835 | 12% | 45,789,775 |
| P. K. M. Electric Co-op., Inc. | 26,444,569 | — | 26,444,569 |
| Red Lake Elec. Co-op., Inc. | 29,074,643 | — | 29,074,643 |

Exhibit DX-94
Page 6

SCHEDULE C
(Continued)
COOPERATIVES

| Cooperative | (1) KWH Sales* | (2) % of Service Area Outside FPC Supply Area 26 | (3) Net KWH Sales Col. (1) less % in Col. (2) x Col. (1) |
|---|---|---|---|
| Red River Valley Co-op. Power Assn. | 37,026,190 | — | 37,026,190 |
| Roseau Elec. Co-op., Inc. | 21,463,883 | 68% | 6,868,443 |
| R.S.R. Electric Co-op., Inc. | 23,494,453 | — | 23,494,453 |
| Runestone Electric Assn. | 48,587,566 | 30% | 34,011,296 |
| Sheyenne Valley Elec. Co-op., Inc. | 49,639,822 | — | 49,639,822 |
| Sioux Valley Empire Elec. Assn., Inc. | 104,315,778 | 48% | 54,244,205 |
| Traverse Elec. Co-op., Inc. | 26,302,299 | — | 26,302,299 |
| Tri-County Elec. Co-op., Inc. | 45,050,432 | — | 45,050,432 |
| Verendrye Elec. Co-op., Inc. | 150,519,335 | 11% | 133,962,208 |
| Whetstone Valley Elec. Co-op., Inc. | 21,154,240 | — | 21,154,240 |
| Wild Rice Elec. Co-op., Inc. | 47,342,108 | — | 47,342,108 |
| | 1,496,755,254 | | 1,268,250,223 |

* Source: U. S. Department of Agriculture, Rural Electrification Administration, 1969 Annual Statistical Report

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Page 7

## SCHEDULE D
## FEDERAL RETAIL SERVICE

| | KWH Sales |
|---|---|
| Belcourt — Turtle Mountain Indian Agency | 834,254(a) |
| Bottineau — State School of Forestry | 444,080(a) |
| Devils Lake — N. D. School for the Deaf | 385,695(a) |
| Dunseith — San Haven Sanitarium | 1,123,200(a) |
| Fergus Falls — State Hospital | 4,863,360(a) |
| Fort Totten — Fort Totten Indian Agency | 243,011(a) |
| Grafton — State School | 2,584,435(a) |
| Grand Forks — State Mill | 12,027,840(b) |
| USBR — Oakes O & M Headquarters | 78,016(a) |
| USBR — Snake Creek Laboratory | 4,784(a) |
| U. S. Air Force | 12,111,674(a) |
| South Dakota State University (Brookings) | 17,386,564(c) |
| University of North Dakota (Grand Forks) | 24,482,432(d) |
| | 76,569,345 |

Source: (a) Otter Tail Power Company Records
(b) Minnkota Power Cooperative Records
(c) South Dakota State University Records
(d) Northern States Power Records

FOLDOUT(S) IS/ARE TOO LARGE TO BE FILMED

DX-99

EAST RIVER ELECTRIC POWER
COOPERATIVE, INC.
Madison, South Dakota
June 20, 1968

Mr. Harlan Martinson, Secretary
Elbow Lake Utilities Commission
Elbow Lake, Minnesota

Dear Mr. Martinson:

In response to your recent telephone call I am sorry to say that I can't at this moment give you a fixed completion date for the transmission facilities that we plan, to directly serve Traverse Electric Cooperative, an East River member in Minnesota.

I can, however, reiterate, that when we begin the transmission facilities to serve Traverse Electric, we will definitely keep you advised and will enter into an agreement to wheel Federal hydro-electric power to your system or any other power you may be able to purchase or that we may be able to purchase in your behalf and secure delivery to our points of interconnection with facilities that are part of the Missouri Basin Systems Group pool. As you are aware we wheel Federal hydro-power to several municipals and state institutions under a variety of arrangements based on the individual situation. In some cases the customers have built the facilities necessary to connect to our system at transmission voltage, or to distribution substations at 12.5 kv. In certain other cases we have built, with our general funds, certain specific additions to deliver power to municipal electric systems or other preference customers. In the case of the City of Elbow Lake, we will make every effort to work out a suitable arrangement that

you might receive your present allocation of Federal hydro-electric power and also benefit from any other developments that access to the Missouri Basin Systems Group pool might make available.

You may recall that our time table for transmission facilities to serve Traverse Electric Cooperative called for construction of 41.6 kv transmission lines in your area during 1965. The REA loan to construct such facilities was somewhat delayed by Northern States Power Company and Otter Tail Power Company proposals of alternate arrangements to our extention of transmission service to Traverse Electric Power Cooperative, Inc., Wheaton, and Lyon-Lincoln Electric Cooperative, Inc., Tyler, Minnesota. The same loan also carried our financial requirements for the other 20 rural electric cooperatives that we serve for approximately a five year period. All of these alternates are unacceptable to East River, and on May 24, 1965, East River did receive a 5.9 million dollar loan from the Rural Electrification Administration which included funds to expand our transmission system to serve these two Minnesota cooperatives.

Shortly after this loan was announced, Northern States Power Company and Otter Tail Power Company instituted litigation that kept these funds tied up until June, 1967, this completely hand strung expansion of East River System not only to complete service to our two Minnesota member cooperatives, but for the normal expansion required to meet the load growth of our 20 South Dakota member cooperatives.

We are just now completing transmission facilities to serve the total requirements of Lyon-Lincoln Electric Cooperative at Tyler. We have not set in motion the construction program to directly serve Traverse Electric Cooperative. The transmission system contemplated in our loan to serve Traverse

Electric Cooperative includes a line to serve a substation which our plans called Charlesville, a relocation of the existing Wendel substation. This would route a 41.6 kv line approximately nine miles from your city. While our first consideration must be rural electric members' loads to be served from this system, and we have not at this moment restudied capacity of this system as it relates to the requirement of the member, we are confident that we would have excess capacity for delivering power to Elbow Lake in that area for several years.

It is impossible to quote a specific rate at this time. I can state that in each and every situation where we are wheeling power to a municipality or another preference customer, every effort is made to develop the most equitable arrangement possible for all parties.

For instance, in many cases where the customer has connected directly to our system and there is no specific investment of our general funds to use the excess capacity in our system, we are wheeling Federal power for the 1 mill wheeling credit paid by the Bureau of Reclamation and 5% transformation discount in cases where it logically applies.

While I know this does not set a specific date when we can assist Elbow Lake in securing low cost power for your citizens I did want to reaffirm our willingness to try to help you with your power supply problems, and to recite the delays that we have encountered in the last few years, in the development of our transmission system to best serve our members.

Sincerely,
WALTER A. CANNEY
Special Assistant to
General Manager

WAC:lmj

[Otter Tail Dep. Ex. A]

# INFORMATION ON ADDITIONAL HYDRO-POWER STUDY AT MISSOURI RIVER MAIN STEM DAMS

Department of the Army
U. S. Army Engineer District, Omaha
Corps of Engineers — Omaha, Nebraska

* * * * *

(Preface omitted in printing.)

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I. *Authority for Study.*

Authority for this study was granted in a resolution by the Public Works Committee of the U. S. Senate on 25 November 1969, as follows:

RESOLVED BY THE COMMITTEE ON PUBLIC WORKS OF THE UNITED STATES SENATE, That the Board of Engineers for Rivers and Harbors, created under Section 3 of the River and Harbor Act approved June 13, 1902, be, and is hereby requested to review the report of the Chief of Engineers on the Missouri River Basin, published as House Document Numbered 475, Seventy-eighth Congress, and other pertinent reports, with a view to determining the advisability of providing additional hydro-power at the main stem reservoirs.

II. *Purpose of Study.*

This study will investigate the feasibility of providing additional power peaking capacity by constructing additional hydroelectric units at the existing Missouri River Corps of Engineers reservoir projects.

III. *What is Peaking Power?*

Power loads fluctuate greatly from one period of time to another. These fluctuations in demand can vary monthly, weekly, daily or even hourly. In order to meet these fluctuating demands, producers of power must be capable of providing sufficient capacity to meet short duration peak loads at the time it is needed. Many times these demands for power can come at very short notice. For example, in the summer season when the air conditioning demand is great, the need for power may more than double the normal night time demand. Hydropower by its very nature is well adapted to meet fluctuating demands such as this. Demands for power can be met on very short notice by putting additional units into operation, and by the same token, can be shut down as the demand decreases. Thus, the term "Peaking Capability" is used to define the ability of the power system to meet these short term peak loads that result throughout a region.

IV. *Need for Additional Peaking Power.*

Power produced at the six Corps of Engineers Missouri River reservoir projects is marketed by the Bureau of Reclamation in and adjacent to the Missouri Basin, largely to preference customers such as REA Cooperatives and other public power organizations. Power loads of these preference customers are growing at the rate of 7 percent per year and a number of these customers are meeting, and planning to meet, their increasing power demands by construction of very large thermal and nuclear power generating units. These units, several of which are under construction in the 400,000 kw to 800,000 kw size range, are very economical for generation of base-load, around-the-clock power, but generation from these large units cannot be varied markedly from hour to hour to meet peak power demands. Hydro-power generation, on the other

hand, can be varied on an hour-by-hour basis to meet fluctuating power demands efficiently and economically. In recognition of this ability of hydro-power, the Bureau of Reclamation has recently contracted for the sale of a large amount of peaking power from the existing main stem reservoir powerplants, and has received inquiries regarding the availability of additional quantities of peaking power.

In addition to complementing base-load energy generation from the under-construction and planned large thermal and nuclear power installations, additional peaking power is needed in connection with petrochemical development of the nation's largest coal fields in southeastern Montana, northeastern Wyoming and the western Dakotas. Industries planning this development have contracted with the U.S.B.R. for necessary water supplies from Yellowtail and Boysen reservoirs, and plan to produce large quantities of base-load power by utilizing char, a by-product of the petrochemical process, as fuel for large thermal power units.

Peaking power sources necessary to firm up the planned baseload energy sources have not been planned at this time. Additional hydro-electric development at the main stem reservoirs holds promise of providing this peaking power and bringing additional low cost firm power to the Missouri Basin and adjacent areas. The availability of low cost off-peak energy from the large thermal plants in the area also allows consideration of pump-storage schemes at these reservoirs, which would further complement the vast energy resources by storing off-peak energy for use in times of heavy power demand.

V. *The Present System.*

The six Missouri River main stem reservoirs and power plants, authorized for construction by the Corps of Engineers have been completed and are in operation. These projects are Fort Peck in Montana, Garrison in North Dakota, Oahe, Big Bend and Fort Randall in South Dakota and Gavins Point on the South Dakota-Nebraska border. Storage capacity in the main stem reservoirs totals 75,240,000 acre-feet (an acre-foot is one foot depth over one acre). Installed capacity of the hydro-electric generating facilities totals 2,048,000 kilowatts in 36 turbine-generator units.

The six main stem dams on the Missouri River are in tandem and are operated as an integrated system both hydraulically and electrically. The integration of the projects within the system and with other systems and areas enhances the benefits manyfold and enables the Corps to respond to many special requests such as stable or rising pools during periods of fish spawn, etc. The initial fill period was completed in 1967, as shown in the curve on page 5.

Total system storage for the period of 1959 to 1969 is shown in this graph.

* * * * *

(Pages 5-6 and graph on page 8 omitted in printing.)

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VI. *Scope of Study.*

The aim of the study is to determine if the construction of additional hydro-electric units at the Corps of Engineers Missouri River Reservoir Projects is the most favorable method for providing more power peaking capability in the marketing area. Engineering, economic, and ecological considerations will be studied. Possible hydro-electric additions are:

a. Conventional turbogenerators at the existing Missouri River Dams similar to those now in use.

b. Conventional units at sub-impoundments in the reservoir areas at major tributary locations.

c. Reversible turbogenerators at the existing dam sites.

d. Reversible units at sub-impoundments in the reservoir areas.

e. Reversible units along the open river reaches.

Other alternatives to hydro-electric units will be studied. These may include thermal facilities such as gas turbines, fossil steam or nuclear steam plants.

The study will consider the need for the construction of after-bay dams to reduce fluctuations from powerhouse releases, or serve reversible turbine units. The need for additional transmission facilities and other pertinent items will also be considered.

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(Page 10 omitted in printing.)

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| | Municipal Power Election & Result | Litigation Brought by OTP or Groups Funded by OTP | OTP Dominant in Sub-Trans-mission in Town's Area | OTP Refused to a) Sell Power at Wholesale, b) Wheel Power, c) Sell Distribu-tion System | Potential Suppliers Prevented from Serving the Town Because of OTP's Refusal to Wheel | Present Retail Supplier |
|---|---|---|---|---|---|---|
| 1. Hankinson, N. Dakota | 1) May 19, 1947 (Approved)<br>2) Oct. 22, 1963 (Approved) | July 25, 1966 | Yes | a, b, c | 1) Bureau of Reclamation<br>2) RSR Electric Coop.<br>3) Basin Electric Power Coop. | OTP |
| 2. Elbow Lake, Minnesota | 1) Sept. 2, 1949 (Approved)<br>2) Jan. 23, 1962 (Approved) | 1) May 12, 1950<br>2) Oct. 29, 1962 | Yes | a, b, c | 1) Bureau of Reclamation<br>2) Basin Electric Power Coop.<br>3) Runestone Electric Ass'n.<br>4) United Power Ass'n. | Municipal System; Self-Generation |
| 3. Aurora, S. Dakota | 1) Sept. 10, 1963 (Defeated)<br>2) May 18, 1965 (Approved)<br>3) April 16, 1968 (Initiative Petition to Repeal Prior Approval Defeated) | 1) June 25, 1965<br>2) Feb. 28, 1968 | No | a, b, c | None | Municipal System; Bureau of Reclamation Power Wheeled by Two Coops. |
| 4. Colman, S. Dakota | Dec. 13, 1960 (Approved) | 1) May 29, 1961<br>2) July 11, 1963 | No | c (No Request to Wheel) | None | Municipal System; Bureau of Reclamation Power Wheeled by Two Coops. |
| 5. Finley, N. Dakota | 1) April 4, 1960 (Approved but Issuance of Revenue Bonds Not on Ballot)<br>2) Nov. 17, 1964 (Defeated) | None | No | (No Request Made) | None | OTP |